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GRADE CERTIFICATES—GRAIN STANDARDS ACT

HEARING
BEFORE THE
SUBCOMMITTEE ON WHEAT
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

S. 1400

JULY 13, 1956

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GRADE CERTIFICATES—GRAIN STANDARDS ACT

FRIDAY, JULY 13, 1956

HOUSE OF REPRESENTATIVES,
COMMODITY SUBCOMMITTEE ON WHEAT,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:10 a. m., in room 1308, New House Office Building, Hon. Carl Albert presiding.

Present: Representatives Albert (presiding), Watts, Hope, and Belcher.

Also present: John J. Heimbürger, counsel.

Mr. ALBERT (presiding). The committee will come to order.

The committee meets for the purpose of considering S. 1400 which has already passed the Senate and has been referred to this committee.

Without objection a copy of the bill will be inserted at this point in the record.

(S. 1400 is as follows:)

[S. 1400, 84th Cong., 1st sess.]

AN ACT To protect the integrity of grade certificates under the United States Grain Standards Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9 of the United States Grain Standards Act (7 U. S. C. 85) is amended to read as follows:

"SEC. 9. Any person who shall knowingly violate any of the provisions of sections 4 or 7 of this Act, or any inspector licensed under this Act, or any person sampling grain for inspection under this Act, who shall knowingly inspect, grade, or sample improperly any grain which has been shipped or delivered for shipment in interstate or foreign commerce, or shall knowingly give any false or incorrect certificate of grade, or shall accept money or other consideration, directly or indirectly, for any neglect or improper performance of duty, and any person who shall improperly influence or attempt to improperly influence any such inspector or sampler in the performance of his duty, or shall knowingly or willfully cause, or attempt to cause, the issuance of a false or incorrect certificate of grade under this Act by deceptive loading, handing, or sampling of grain or by submitting grain for inspection knowing that it has been so loaded, handled, or sampled, or by any other means, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$1,000, or be imprisoned not more than one year, or both."

Passed the Senate June 17 (legislative day, June 14), 1955.

Attest:

FELTON M. JOHNSTON, *Secretary*.

Mr. ALBERT. In the Senate Committee on Agriculture and Forestry's report appears the report of the Department of Agriculture, and without objection the report of the Department of Agriculture will appear at this point in the record.

(The report is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 13, 1955.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your letter of March 11 requesting a report on S. 1400, a bill to protect the integrity of grade certificates under the United States Grain Standards Act. The bill would amend section 9 of the act to provide penalties for persons who knowingly sample grain improperly and for persons who knowingly or willfully cause or attempt to cause the issuance of a false grade certificate under the act by deceptive loading, handling, or sampling of grain, or any other means.

The Department favors enactment of S. 1400. However, in view of the fact that the present Grain Standards Act refers to incorrect certification as well as to false certificates (7 U. S. C. 77, 80), it is recommended that the words "or incorrect" be inserted after the word "false" in line 11 on page 1 and in line 6 on page 2 of the bill, for consistency with the present provisions of the act.

It is estimated that the additional functions required by the bill will increase the annual cost of administering the act by approximately \$43,500.

Although provisions of the bill appear to be difficult to enforce adequately, we believe that enactment of the bill will strengthen the requirements of the act in such a manner that it will tend to prevent or correct abuses that now occur. It will aid in preventing to a much greater degree than is now possible the "plugging" or the covering and concealing of inferior grain underneath higher quality grain in such a manner that it is not disclosed by probing or otherwise sampling in the prescribed manner. It will also provide more control over the persons who sample grain for official inspection purposes.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

Mr. ALBERT. The committee will hear first the representatives of the Department of Agriculture. Mr. J. E. Barr, Chief, Inspection Branch, Grain Division, Agricultural Marketing Service, United States Department of Agriculture, will testify on behalf of the Department.

Mr. Barr, will you introduce your colleagues and give us their titles? You will have permission to consult with them during the hearing.

STATEMENT OF J. E. BARR, CHIEF, INSPECTION BRANCH, GRAIN DIVISION, AGRICULTURAL MARKETING SERVICE, ACCOMPANIED BY B. W. WHITLOCK, DIRECTOR, GRAIN DIVISION; AND CHARLES MYERS, PROGRAM AUDIT AND APPRAISAL DIVISION, AGRICULTURAL MARKETING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. BARR. The gentlemen accompanying me are B. W. Whitlock, Director, Grain Division, Agricultural Marketing Service, and Mr. Charles Myers, Program Audit and Appraisal Division, Agricultural Marketing Service.

Mr. ALBERT. The committee will hear you now, Mr. Barr.

Mr. BARR. Mr. Chairman, we think the Department's position is very well stated in the letter from the Acting Secretary, dated June 13, 1955, to Senator Ellender, in which we are on record as favoring this bill.

The purpose or the objectives of the bill are well stated in the report of the Committee on Agriculture and Forestry, in the Senate.

In our work in administering the United States Grain Standard Act we are required, among other things, to supervise the work of licensed inspectors, handle appeals from inspections performed by them upon requests of interested parties, and in doing that we come across many instances where we are handicapped in taking what we consider adequate corrective actions.

For one thing we have no control over samplers. They are employed by the State grain inspection departments, boards of trade, or chambers of commerce, or they may be set up on an independent basis. They hold no license from, or other relationship with, the Federal Department of Agriculture, and we have to look to the inspectors for accuracy of the work of samplers.

Mr. HOPE. Are the samplers employed by the State grain inspection departments?

Mr. BARR. Yes. And in some instances by the boards of trade and chambers of commerce, and inspectors set up on the independent basis.

Mr. HOPE. Are there cooperative agreements with the States?

Mr. BARR. All inspectors are licensed by the Secretary of Agriculture, after they have demonstrated their competency to apply the standards of the grain in which they are interested. There is no cooperative agreement or contractual relationship.

Mr. HOPE. They are on the payroll of a State agency. Is that true in all States?

Mr. BARR. No; that is not true in all States. In some States they are representatives of the boards of trade, chambers of commerce, or are set up on an independent basis.

Oklahoma is one of those; Texas—no State inspection.

Mr. BELCHER. What did you say about Oklahoma?

Mr. BARR. Oklahoma has no State grain inspection. Inspection in that State is performed by inspection departments of the boards of trade, or chambers of commerce, or by inspectors set up on an independent basis.

Mr. ALBERT. The samplers in peanut sampling work are employees of the State Department of Agriculture in Oklahoma. Is that not true of grain inspectors?

Mr. BARR. Yes, that is true.

Mr. BELCHER. The Federal grain inspector in Oklahoma; is he just licensed by the Government, and after that he is an independent operator on his own?

Mr. BARR. That is right, so far as the Department of Agriculture is concerned.

Mr. BELCHER. He is licensed by the Department?

Mr. BARR. That is right.

Mr. BELCHER. From there on he just inspects for whoever employs him?

Mr. BARR. In the first place, when grain inspection service is established or available at a given point, all grain that is sold by grade and shipped to or from that point is required to be inspected.

You see, the Grain Standard Act places certain responsibilities on the merchant for the inspection of grain. And the inspectors inspect all grain tendered for inspection under those conditions.

Mr. HOPE. Had you finished?

Mr. BELCHER. Yes.

Mr. HOPE. The Department, however, does have control, does it not over the actions of these inspectors in that you can cancel their certificate at any time, can't you, upon proof that they are not operating efficiently or honestly?

Mr. BARR. Let me say this, we supervise their work. If any interested party is dissatisfied with the grades applied by the inspector to a given lot of grain, he may appeal to the Secretary and then we take over and perform another inspection of grain, and issue a Federal appeal grade certificate.

That certificate will supersede the certificate issued by the licensed inspector.

Mr. HOPE. Under what circumstances can you revoke the license of an inspector?

Mr. BARR. If we have evidence that the inspector is careless in his operations, or he is incorrectly grading grain, we may suspend his license temporarily, pending an investigation, or we may proceed with an investigation without suspending the license.

Then, dependent upon what is developed in the investigation, we will decide whether to suspend his license, usually for 6 months, or whether we may revoke his license.

Suspension or revocation, however, is usually never taken without opportunity for public hearing to bring out all of the facts.

We make the preliminary investigation to determine what may have gone on and then we hold a hearing to determine or to bring out further facts and give everyone interested an opportunity to present their views.

Mr. HOPE. What are the specific grounds on which you can suspend or revoke a certificate?

Mr. BARR. You mean their license?

Mr. HOPE. Their license, yes.

Mr. BARR. We can suspend the license for flagrant misgrading of grain, if it is found that such misgradings were due to carelessness. But if such misgradings are due to factors beyond his control, then we may correct those conditions, if possible, and permit him to retain his license.

Mr. HOPE. What would be an instance of circumstances beyond his control?

Mr. BARR. He may be trying to inspect grain under conditions which do not permit him to accurately determine, for example, the percentage of damage in samples of wheat. The light conditions in the space where he is required to work may not be proper. His equipment may have gotten out of adjustment, or something of that kind.

In those cases—we have had cases of that kind, where if the laboratory space or equipment was found to be, in our opinion, such that the inspector could not be expected to do an efficient job, we have gotten with his employer, the inspection departments, and they have corrected those conditions.

Mr. HOPE. Well, you have the power then in the ordinary case to not only deal with the inspector, but to deal with the agency for whom he is working and insist that they follow certain standards?

Mr. BARR. That is right.

Mr. HOPE. What authority would you have if they refused to accept your recommendations?

Mr. BARR. Well, if the conditions are not corrected, or if the inspector continues to misgrade grain, we would have no alternative except to suspend his license or, perhaps, revoke it.

Mr. ALBERT. May I ask this? This would make it a criminal offense and give you authority to turn him over to the Department of Justice, wouldn't it?

Mr. BARR. Not necessarily, under the conditions which I have cited. This bill goes beyond that.

The big obstacle that we have today is obtaining representative samples of grain. Cars of grain arrive at market, at the terminal markets from the country, which are sampled in the prescribed manner, inspected on the basis of those samples, and the grade determined and certificates issued.

We find later, maybe after the car is being unloaded, sometimes before it is unloaded, by more careful probing of the cars in our routine procedure of supervising the work of the samplers and inspectors, that three-fourths of the grain, or seven-eighths of the grain, may be No. 2 Yellow corn, for example, whereas on the bottom there is 6 inches or 12 inches of heat-damaged corn, which the inspector could not possibly reach in the prescribed methods of sampling grain.

That is the condition, one of them, that this bill is designed to correct.

Mr. ALBERT. You issue no license to samplers that gather these samples and have no control over them?

Mr. BARR. None whatever. If we find the inspector misgraded the grain in the case cited, we may then take the matter up with the shipper just in an effort to correct some of these practices by writing him a letter, calling his attention to what we found in this car and the fact that it prevented the inspector from arriving at the true grade of the grain and ask if he will comment on what we found. About one-third of them will reply. And most of those will say, "I am sorry; I didn't know the gun was loaded—I didn't know that stuff was in the bottom of the car."

But it always gets in the bottom. We never find the car where they put 1 foot of "barnyard scrapings" on top of the good grain in the car.

Mr. BARR. You will find the grain is loaded nowadays in modern boxcars about 8 feet deep. There may be 2 feet of working space between the top of the grain and the roof of the car.

And we use a probe about 5 feet long, in probing the grain. It is impossible to get down to the bottom of the car with any kind of a probe that you can use to take samples under those conditions.

Mr. ALBERT. It seems to me there is your problem. How is this bill going to cure that problem?

Mr. BARR. This bill will place some responsibility on the man who loads the grain. It is his grain. He is required under the law to have it inspected. He shipped it in interstate commerce and sold it by grade. And the law says that he shall have it inspected and graded by an inspector licensed by the Secretary.

And yet he loads the grain in a manner that makes it physically impossible for the inspector to obtain a sample that is representative of the load as a whole.

Mr. BELCHER. Well, as I understand the difference between the authority of now and the authority you would have under the bill it

is that now you can revoke the license of the inspector, you can suspend it, but as far as the sampler and the man that loaded the grain or the man having the grain inspected is concerned, he could practice any kind of fraud in the world and you would not have any recourse against him at all, practically.

Mr. BARR. That is true.

Mr. BELCHER. Under this, if he plugs the car on you, he is guilty of a criminal offense in this bill. So this goes beyond the inspectors. as I understand it, Mr. Hope.

Mr. HOPE. I think it does.

Mr. BELCHER. And cuts out fraud in the plugging of the cars, the loading of the cars and even the sampler or anybody that has anything to do with fraud connected with this, is guilty of a criminal offense.

Mr. HOPE. But you still have to have some way of finding out there has been fraud and that this bottom 6 inches is screenings.

Mr. BELCHER. Under the present law it does not make any difference if you do find out.

Mr. WATTS. Let me ask a question, if I may interrupt.

The fellow that receives the corn, he does not have to pay for it if he finds it in that condition, does he, that is No. 2 instead of No. 1 corn? He has the right to reject the shipment?

Mr. BARR. That is obviously true. That is a contractual relation.

Mr. WATTS. And there is a lot of this grain moving into the CCC operation fixed up like this, is there?

Mr. BARR. That is right.

Mr. WATTS. The CCC has a right to reject the loan on it, too, hasn't it, if it does not meet the standard of the sample?

Mr. BARR. I suppose so. The difficulty of that is that it is difficult to determine the amount of the offgrade grain or the extent of the damage. What we are concerned with is the accurate inspection of the grain or the determination of the correct grade of the grain as tendered for inspection.

Let me interject here that many cars are sampled where we do detect the offgrade grain in the bottom of the car and we issue dual certificates.

Mr. WATTS. What?

Mr. BARR. Dual certificates. That is a certificate that will show, for example, two-thirds of the car No. 2 Yellow corn, one-third, approximately one-third of the car, bottom of the car sample grade, yellow corn, 15 percent heat damaged or what have you. Many of them we do catch.

But this is only when the offgrade grain is sufficiently high to make it possible to reach it with the probe.

Mr. WATTS. That is all corn that moves on the market or wheat—is that inspected anyway or sampled?

Mr. BARR. It is required to be, if sold by grade and shipped in interstate commerce.

Mr. WATTS. And where is the sampling usually done—at the place of shipment or place of receipt?

Mr. BARR. It can be done at the place of shipment, if an inspector is located there.

Mr. WATTS. Not at the place of receipt?

Mr. BARR. It may be done at the place of receipt. Most of it is at the place of receipt, on the primary movement of grain, understand, because the inspectors are not located at small points, the volume of business would not justify maintaining an inspection service there.

Mr. WATTS. I guess a lot of the grain is shipped through sight draft, isn't it?

Mr. BARR. So far as I know—I have been out of the business some 30 years.

Mr. WATTS. We usually pay for it before it gets into the car. That is all.

Mr. HOPE. This language, the new language here, beginning down about the eighth or ninth line, referring back to the person so it reads:

Any person who—
prefacing it for clarity—

shall knowingly or willfully cause, or attempt to cause the issuance of a false or incorrect certificate of grade under this act by deceptive loading, handling, or sampling of grain, or by submitting grain for inspection, knowing that it has been so loaded, handled, or sampled, or by any other means, shall be guilty—
et cetera.

It takes that language, I assume from what you have said, to bring in the shipper or the handler, so that you have opportunity to pursue a criminal charge against him. Is that correct?

I mean, is it the weakness of the present law that you have no opportunity to proceed against the shipper?

Mr. BARR. We have no opportunity to proceed against the shipper. We have no opportunity to proceed against the sampler. We do today in cases that I have been talking about here, on grain cars that are plugged or loaded in such a manner that it is impossible to obtain a correct sample, we may proceed against the inspector. He has misgraded the grain.

We make an investigation and we may hold a public hearing and give opportunity for the inspectors, the shipper of the grain, the receiver of the grain or the warehouseman, any other person who may be interested, an opportunity to appear and present their views.

We are proceeding against the inspector, not against the shipper, not against the loader.

The conclusions probably will be, in most cases are, that the grain was misgraded by the inspector, but through no fault of his, but the misgrading was due to the manner in which the grain was loaded in the car, making it impossible to obtain a representative sample as the basis for inspection and grading.

The act as now drawn in section 5, says that following such hearing the Secretary may publish his findings. And in those cases we do publish the findings.

That is usually the conclusion as published in the finding; that the grain was misgraded, it was shipped by so and so, John Jones, from a certain point to a certain point where it was inspected and graded by a licensed inspector; that upon reexamination of the grain by a Federal grain supervisor, meaning an employee of the Department, it was found that this grain was misgraded by the inspector; and that the inspection was due, as I said, to the manner of loading and not to any fault of the inspector.

Mr. ALBERT. Would you yield there a minute?

Mr. BARR. That is under the present authority, sir.

Mr. ALBERT. Yes, I know.

Mr. BARR. That is the limit of what we can do.

Mr. ALBERT. In the normal course of procedure, when a plugged load comes in and the inspector passes it, it would go into the Commodity Credit Corporation warehouse or somewhere and not be detected; is that right? And the Government or some purchaser would be stuck. Is that right?

Mr. BARR. Well, it might be detected by our supervisor in the market who makes spot checks on cars on track.

Mr. ALBERT. The point I am getting at is this, this thing is not necessary if you detect it somewhere down the line.

In other words, if you cannot cheat the Government or some other buyer by this method, what is the use of this bill? Do you see what I mean?

I am trying to find out why do you have to have this bill, if you can, when you start handling it, find out that it was misgraded, either accidentally or on purpose?

Mr. BELCHER. It is a whole lot like stealing second base. If you get there safe you are all right; if you do not, you do not get thrown out of the game—you just go back and bat again.

Mr. HOPE. What rather amazes me, and I am amazed, is that you permit the inspection of grain under conditions which do not allow the inspector to actually make an inspection.

In other words, you say you cannot put a probe down far enough in the car to reach the bad grain.

It seems to me that is a ridiculous situation.

Mr. ALBERT. Why not inspect it as you unload it; when you get to the bottom you will know what is in it?

Mr. HOPE. Yes. I am amazed that something has not been done about that a long time ago, because apparently that is the way that this fraudulent practice is carried on, they put the inferior grain in the position where you cannot probe, under the present methods of inspection.

Mr. WATTS. May I ask a question?

Mr. HOPE. Yes.

Mr. WATTS. Does it work this way:

I order a carload of No. 2 corn. It comes into my siding, and a sampler is called in or somebody that is a licensed sampler. You do not license the samplers, though, do you?

Mr. BARR. No.

Mr. WATTS. The sampler comes in. And he certifies that it is No. 2 corn.

Well then, that consummates the trade, does it not? In other words, the buyer then has an obligation to accept it as No. 2, if the sampler says it is No. 2 corn?

Mr. BARR. The sampler does not certify.

Mr. BELCHER. The inspector?

Mr. BARR. He takes the sample into the inspection office and the inspector issues the certificate.

Mr. WATTS. That it is No. 2 corn?

Mr. BARR. Yes.

Mr. WATTS. That creates a prima facie case for me to accept the corn under the contract that I have made for No. 2 corn?

Mr. BARR. Yes.

Mr. WATTS. Then I start unloading, not knowing that it is not all No. 2.

Mr. BARR. Yes.

Mr. WATTS. And then I get down to the bottom. Then the fellow that sent it to me, when I quarrel with him, he says, "Why, the sampler inspector says it is No. 2 corn; therefore, it is No. 2 corn and I am looking for my money."

Then you have to call in the inspector or somebody and ask for a hearing of some kind to determine whether or not it was No. 2 corn.

Is that the way it generally operates?

Mr. BARR. In the case that you cite, when the grain is being unloaded, and about one-third of it is unloaded, you detect the offgrade grain, and usually stop unloading and call the sampler and inspector back to reexamine what is left in the car, call for another inspection on that part of the car. That is usually what happens.

Mr. WATTS. What we are trying to get at, or I think what is in Congressman Albert's mind, who is getting hurt?

If you find it, and you do not accept the rest of it or you call the sampler in and the inspector in and regrade it?

Mr. ALBERT. Does it not come to this, that with respect to the certificate which the Department of Agriculture issues or the inspector issues, if you cannot rely on it, the whole works are gummed up and trading in grain becomes very difficult? Is that the situation?

Mr. BARR. I think that is well stated, Mr. Albert.

What we want to protect here is the integrity of the certificate.

Mr. BELCHER. So that the certificate will mean something when you get it and not a slip of paper and you have to watch every bushel unloaded to see whether you are getting it?

Mr. HOPE. How can you do that, if you do not have some method of taking the sample that will enable you to make that determination?

Mr. BELCHER. The first time they find trash in the bottom, they can put somebody in jail.

Mr. ALBERT. Either the sampler or the unloader.

Mr. BELCHER. You will not find so many in the bottom, if somebody gets in jail.

Mr. HOPE. At the time I accept this grain now, and I understand as suggested by Mr. Watts, a lot of it is sold on sight draft, I cannot unload without making settlement on it.

Mr. BARR. Most of the grain is sold on consignment, as I understand it. It is consigned to the market, subject to sale.

Mr. HOPE. I don't know—I would like to have somebody tell me just what the practice is.

Mr. BARR. May I at this point introduce Mr. Oliver, of the Grain and Feed Dealers.

Mr. ALBERT. State your full name and title, Mr. Oliver.

Mr. BELCHER. Could I ask one more question first before that? Of course, we have been talking about the fellow that plugged the car, and the inspector. You can revoke the license of the inspector if he is crooked. You don't have too much comeback except to just expose the fellow that loaded the car and plugged it. But it looks to me like there is still another gap in here.

Even if the sampler could get in the bottom, in the present situation, what could you do to prevent the sampler from going out and accidentally not quite get to the bottom to help somebody out?

Mr. BARR. We cannot do anything. You do not have any recourse against him at all—he could deliberately just sample the right corner of the car.

Mr. BELCHER. If we find that he is not performing his duties correctly and properly, we can call it to the attention of his employer.

Also, we do call it to the attention of the inspector for whom he is sampling grain.

Mr. BELCHER. That is all. Thank you.

Mr. ALBERT. Would you state your full name and your organization?

Mr. OLIVER. Alvin Oliver, executive manager, Grain and Feed Dealers National Association.

Mr. ALBERT. The committee would be glad to hear you at this point, if you desire to be heard, in connection with some of the matters that have been raised as to the practices in the shipment of grain, and so forth.

STATEMENT OF ALVIN OLIVER, EXECUTIVE MANAGER, GRAIN AND FEED DEALERS NATIONAL ASSOCIATION

Mr. OLIVER. I did not come prepared to testify on this. We were very much interested, of course.

I would say that the national association has for many years, back in the beginning of the United States grain standards, been a very strong backer of them. I believe they were the ones that started the grain standards. The job was too large, and asked Congress to carry the function on in the Department of Agriculture back in the early years.

As far as S. 1400, our executive committee and officers prepared a statement last year, a letter to the Senate Committee on Agriculture and Forestry, endorsing the bill. And we are anxious that the integrity of the grade certificates are protected. So we have full support on that.

Mr. ALBERT. Would you mind addressing yourself to the question which Mr. Hope raised just before you were introduced? Would you restate your question, Mr. Hope?

Mr. HOPE. The points that I had in mind were, of course, what can be done to see that you do get a fair sample. The thing that disturbs me about all of this is the statement made here already by Mr. Barr that under some circumstances, you cannot get a proper inspection of the car.

It has been suggested that will turn up when the car is unloaded.

What I would like to know is what is the position of the buyer at that time with respect to his rights as against the seller, if it does turn up that inspection has not been thorough and complete and that the certificate has not disclosed the true contents of the car. Then what recourse does the purchaser have against the seller?

Mr. OLIVER. I think, Mr. Barr, Mr. Whitlock can explain much more your appeal system and so on.

Mr. HOPE. I know. He mentioned that. But suppose I have already settled, suppose it has been sent down and there is a sight draft

on it, and I have had to pay the sight draft before I can unload the car.

Mr. OLIVER. I think that our national association in that has something that probably should be explained at this time. It is an arbitration committee. If both are members, the seller and the buyer, of the national, they must arbitrate. Or if one is a member they may arbitrate.

In that case they would ask for arbitration. And the arbitration committee would receive the evidence from both parties. That decision would be handed down.

Then if either party decided, the buyer or the seller, they did not like the decision, they could appeal to our arbitration appeals committee. And the arbitration appeals committee has been referred to as the supreme court of the grain industry.

We are very pleased that since it has been started there has never been a case that has been referred to court that the decision of the arbitration appeals committee has ever been reversed by a court.

In that case they would come to the decision of the arbitration appeals committee regarding what should be paid either the seller or the buyer in that case. That is a trade decision.

Mr. ALBERT. There seems to me to be two points involved here.

One, does the present inspection system offer the inspectors and the samplers a chance to make a good inspection?

We are not really concerned with that point, that is, why shouldn't you sample from the bottom of the car, why don't you have a better system?

In this legislation we are not concerned with that point. That is one point, isn't it? You only go down 6 feet and the cars are 9 feet deep.

The other point is that regardless of how good your inspection system is, you have a situation where a crooked inspector or shipper or combination of the two, might cause the issuance of a certificate which was not correct. Therefore, they would render the certificate of very little value in the grain trade; is that right?

It is the second point that we are trying to aim at here, to get at any cheating or gross negligence in connection with the issuance of certificates; is that right?

Mr. OLIVER. As I mentioned before, we are anxious, the national association, in anything possible to protect the integrity of these grain certificates. In fact, in our bylaws, the board of directors must expel any member who is in violation of section 5 that Mr. Barr mentioned a moment ago. That is for the good of the trade.

Mr. HOPE. Now you are a private organization. Suppose you do expel him, what does that do to him?

Mr. BELCHER. He cannot belong to the organization. He can keep on shipping.

Mr. HOPE. He can still do business. What is the effect of that?

Let me go into that. What is the effect, so far as his carrying on a grain business is concerned? Of course, I admit that it would not sound very good for his customers to read in the paper he had been expelled from the National Association of Feed & Grain Dealers because of a fraudulent activity.

Outside of that, there is nothing that would keep him from going ahead and carrying on a grain business, if he could find anybody to deal with.

MR. OLIVER. Of course, we could not prevent him from being in the grain business.

MR. BELCHER. As I understand it, the thing that appeals to me about this—in other words, when you get an abstract for a piece of property, you examine it, you feel you have a clear title.

Your grain inspection certificate is of very little value because the car could have been plugged, or you could have had a certain sampler or a lot of other things.

As a buyer, I may not attach very much importance to that certificate. But as I understand the intention of this bill is to make that certificate more or less like an abstract determining that the contents of that car is No. 2 corn or whatever it is supposed to be. And in the case of all of the penalties connected with this, it is pretty likely to be just what the inspection certificate says it is. If that is true, then the inspection certificate is worth something to you, not just another slip of paper; Is that your theory?

MR. OLIVER. Could I add that the importance of this certificate is very important to our trade and the accuracy of it.

MR. HOPE. How many cases of this kind have you had come up, that is, where you had to discipline your members or expel your members because of their fraudulent activities?

I am not asking for the exact number. Do you have many cases of that kind?

MR. OLIVER. I am not prepared to answer that. I checked a year ago with Mr. Barr and Mr. Whitlock and received the decisions and went back over a number of issues and did not find one in that period of time.

MR. BARR. If I may answer?

MR. HOPE. Yes.

MR. BARR. I think, as I recall the number of cases in which findings have been published by the Secretary, they run around five a year, probably around five. That does not mean that many more cases of that character may not have been in the picture, but those were the only ones that we were able to get to.

MR. WATTS. Five a year?

MR. BARR. Yes. We make inquiries and take corrective actions on hundreds of cases, but we do not pursue those through the formality of holding hearings and publication of findings.

MR. ALBERT. Are any of these parties involved in this bill bonded against fraud?

MR. BARR. No bond. There is no bond required from the Federal standpoint. I am not prepared to answer from the State and other standpoints.

MR. WATTS. Do you have a record of the number of complaints you have had? Could you give an estimate of those per year?

MR. BARR. Complaints on plugged cars?

MR. WATTS. Yes.

MR. BARR. The number of plugged cars?

MR. WATTS. Yes; or reinspections you have had to have. Five is a very small number for the United States.

Mr. BARR. Five in which findings were published.

Mr. WATTS. I know.

How many complaints have you had or how many reinspections have you had?

Mr. BARR. The number of appeals last year was around 75,000.

Mr. WATTS. Well now, you are getting some place.

Mr. BARR. The previous year the number of appeals was 87,000. For the fiscal year just ending, I don't have those figures before me. But I recall the fiscal year ending 1954 it was 87,000, I believe.

Mr. BELCHER. When there were 87,000 complaints, there are a lot of people who think that the inspection certificate is of not much value.

Mr. WATTS. That is quite a different figure from five.

Mr. BARR. When I said "five," I meant in which we had held hearings and published formal findings.

Mr. WATTS. What I was interested in knowing is how prevalent is the practice of plugging cars? It must be pretty prevalent.

Mr. BARR. Not all of those were plugged, but a question of the accuracy of the inspector's grade.

Mr. ALBERT. Improper conduct that might be covered by this bill?

Mr. BARR. Not necessarily improper conduct, but in many cases, conditions which perhaps made it impossible for the inspector to determine the true grade. Too, not all of those on which appeals were called were found to be misgraded.

Mr. WATTS. Do you find some cases where the buyer is tempted to cheat as well as the seller?

Mr. BARR. Yes.

Mr. WATTS. And he is hoping to get the corn downgraded or something?

Mr. BARR. I would like to make a comment on two points.

One is on this sampling problem. That is the biggest problem we have in our inspection operations, the obtaining of a representative sample under any and all conditions in which the grain may be tendered for inspection.

And the development of sampling procedures, and sampling devices is one of the things that we have spent time and money on, and are continuing to give thought to.

And we recognized everything that you have said Mr. Hope. That is our big problem. We are constantly working on it, and trying to arrive at a solution.

Mr. HOPE. Are you making any headway?

Mr. BARR. We have made some headway. We have developed today and there are being put into operation today so-called automatic samplers in large terminal elevators and export elevators which will enable us to obtain representative samples of the grain. Those so far have proven very helpful, particularly in loading grain out of terminal elevators like New Orleans, Galveston, Baltimore, Norfolk for export. Loading grain direct from elevators to the ships.

One of the things brought out in the Senate committee which made the investigation which resulted in this bill, as I recall—I do not know whether I am making the proper reference to it—had to do with export loadings of grain.

You will recall, following that the Secretary of Agriculture made investigations of methods of loading and inspecting grain at ports, including Galveston, New Orleans, and on down the line.

So we are constantly working on the sampling problem. We do not have a solution to the sampling of boxcars, of the grain in boxcars.

In many cases we have found it necessary, and the trade has resorted to the practice of unloading the cars to permit taking a sample at the time of unloading, or, in the house during the movement of the grain through the house on its way to the bins. That is not general.

Mr. HOPE. Suppose I have a car of grain come to me and I suspect that there is something wrong which I think can be developed by an inspection after it has been unloaded, is there anything I can do to get that kind of an inspection?

Mr. BARR. If you report to the supervisor or the inspector there is something wrong there he will resort to all available means to detect that condition, to determine the true condition and grade of the grain.

Mr. HOPE. That would include an inspection then after it has been unloaded.

Mr. BARR. It might.

Mr. ALBERT. On the point we were discussing a minute ago, that Mr. Watts mentioned, in the Senate report I note here the statement that—

In the summer of 1953 a subcommittee of this committee conducted hearings at Galveston at which an elevator operator testified that he ran sample grade wheat into the ship every time the sampler's back was turned, and that "slugging" of ships and "plugging" of cars was a common practice.

Mr. BARR. That is right.

Mr. ALBERT. So it apparently is fairly common?

Mr. BARR. We found that true in too many instances.

Incidentally, we had difficulty with inspectors at Galveston during that time, one of which had his license revoked.

Mr. BELCHER. I would think the inspector has a lot to lose, like a practicing lawyer. If he gets his license revoked he is out of business. In my town that is a pretty good business. Two or three fellows have gotten pretty well fixed inspecting grain. He has that to lose.

And the samplers are college boys that work in the summer out there sampling grain. They do not have anything to lose. They have no profession. All they do is get fired and have to get another job.

So I think that the gap that this will plug is going to be plugged prior to the time it gets to the inspector. You have very little recourse there. It looks to me like this bill would certainly make a certificate worth a whole lot more.

Mr. BARR. May I ask Mr. Whitlock if he has any comment on this sampling problem and the relationship of this proposed bill to our problem in sampling.

Mr. ALBERT. We will be very glad to hear from you.

Mr. WHITLOCK. I have very little to add. Mr. Barr has covered the subject very thoroughly.

It might be well to suggest here that the basic reason for this amendment, in the first place, probably was to take care of fraudulent loading of export shipments, where it is a matter of putting bad grain into a ship during the course of loading, say, at night, or during the few minutes when the sampler may be away from the loading spout.

That grain is sold overseas on certificate final. The exporter gets his money for the cargo as soon as it is loaded here.

The buyer overseas who receives it at destination has very little recourse. He can complain about the quality of the delivery, but he

has paid for it. He has no inspector over there to verify what he found. He begins to complain about the quality of the deliveries from the United States.

Mr. ALBERT. That is right.

Mr. WHITLOCK. In my opinion that is the most important reason for this amendment to take care of export shipments, to safeguard them. ✓

One other point: These 75,000 or 80,000 appeals that we have per year do not necessarily reflect serious objection to a grade that has been assigned. Many of those are called in advance of the inspection simply as an insurance.

You have a good customer—he likes to buy from you—and to maintain your good relationship, you sell him on the basis of Federal appeal. Perhaps the integrity of our Federal appeal certificate is higher than the inspection certificates.

A dealer may sell 50,000 bushels on the basis of Federal appeal at a certain market. In such case appeals are called before the inspection has ever been performed.

So the number of appeals do not necessarily reflect criticism of the inspection. About 3 percent of the total of 2½ million inspections per year are appealed. Inspectors grades are sustained in about 75 percent of the appeals. That is, the inspectors grade is not changed.

Mr. HOPE. You mean I can appeal from an inspection before it has been made?

Mr. WHITLOCK. Yes.

Mr. HOPE. That sounds like a pretty suspicious business to me.

Mr. ALBERT. Do they have to pay for the appeals?

Mr. WHITLOCK. If the grade is changed, there is no charge. If the grade remains the same, there is a fee.

Mr. ALBERT. I can appreciate this foreign situation difficulty, because I had personally the reverse case, where an American shipper from my district thought he was cheated on the other side and found out how difficult it was to get anything done about it.

It would be the same way with somebody who was the consignee in some foreign country.

Mr. BARR. Mr. Chairman, I think we should get into the record this point, also. Up to now we have talked about plugged cars, and the inference, at least, has been that those originate in the country. That is not altogether true.

Some of the most flagrant cases that we have had, and, particularly, the ones that we have proceeded against formally, and on which we have published findings, have been cases where grain was loaded out of terminal elevators. Not 1 car, but 10 cars, 20 cars, 1 load, following a consistent pattern of plugs in the bottom of the car, screenings and what not.

Mr. HOPE. Where you have had the experience with a shipper and have found that you have to watch him pretty closely, do your inspectors go to any greater than usual lengths to insist that the samplers in those cases get complete and thorough samples? What is your policy there?

Mr. BARR. Not necessarily. I think we have to assume that the grain is loaded honestly. And we have to take the grain as it is tendered for inspection. Every car is a unit.

I do not think that we could approach any request for inspection with any kind of bias, figuring, well, we have to watch this man be-

cause he is liable to plug the cars—he plugged 10 cars last week and another man here we won't bother with him so much, because we have nothing against him.

I do not think we have to get into that frame of mind.

Mr. HOPE. I would not want to suggest that you not bother with some other fellow because you do not know he is crooked, but I just wondered if you would not be justified in the case of people whom you know are operating dishonestly by making doubly sure that they are not getting away with something.

Mr. BARR. You, perhaps, are right, sir. But it has been deplorable in some ways that some of the fellows against whom we have proceeded have been the last we would have ever thought would be guilty of such infractions or irregular practices.

Mr. ALBERT. Do you have anything to say?

Mr. WATTS. Would it aid the situation any if the inspection, or the sampling occurred at the time the car was loaded, or would it take too much time to be there to watch them load it?

Mr. BARR. Well, that would be quite expensive, to say the least.

Mr. WATTS. Who pays the sampler?

Mr. BARR. The inspection department.

Mr. WATTS. What does the man get for the sampling of a car?

Mr. BARR. He is paid on a salary basis. Inspectors and samplers are paid by the inspection departments on a salary basis. The scale varies with different departments in different States.

Mr. WATTS. Nothing in this bill that is directed toward anybody except somebody trying to do something wrong, is there?

Mr. BARR. I don't think so.

Mr. ALBERT. If there is no further testimony, the subcommittee will go into executive session.

(Whereupon, at 11:20 a. m., the subcommittee adjourned to go into executive session.)

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LEGISLATIVE HISTORY

Public Law 861
S. 1400

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INDEX AND SUMMARY OF S. 1400

Mar. 10, 1955	Sen. Thye introduced S. 1400 which was referred to the Senate Committee on Agriculture and Forestry. Print of bill. Remarks of Sen. Thye.
June 15, 1955	Senate committee reported S.1400 with an amendment. Senate Report No. 564. Print of bill and report.
June 17, 1955	Senate passed S. 1400 as reported.
June 20, 1955	S. 1400 was referred to the House Committee on Agriculture. Print of bill as referred.
July 13, 1956	House subcommittee ordered S. 1400 reported to the full committee.
July 17, 1956	House committee reported S. 1400 without amendment. House Report No. 2748. Print of bill and report.
July 23, 1956	House passed S. 1400 without amendment.
Aug. 1, 1956	Approved; Public Law 861, 84th Cong.

REMARKS OF SEN. THYE WHEN HE INTRODUCED S. 1400

"Mr. President, in the summer of 1953 a subcommittee of the Committee on Agriculture and Forestry, of which I was chairman, conducted hearings in Galveston, Texas, on the disposition of Canadian wheat imported into this country as unfit for human consumption. The testimony there revealed that the 'slugging' of ships was a common practice. The elevator operator testified that they ran sample grade wheat into the ship every time the sampler's back was turned; and the evidence showed that they were very successful in obtaining No. 2 grade certificates on ships which actually should have graded sample. The operators testified further that they had to do this because they received so many cars that were plugged with low-grade wheat and foreign material, and because 'plugging' and 'slugging' were so common in the industry that they had to do it to meet competition. I do not believe that the situation is so widespread as their testimony would have us believe; and our subsequent investigations are showing that it probably is not.

I wish to emphasize that even though the witnesses who came before the committee and gave such testimony stated that they had to 'slug' ships in order to meet competition at other wharves and other loading points, the main point simply is that we must safeguard ourselves in the future against operations such as the subcommittee discovered and uncovered in its hearings at Galveston. It is for that reason I am introducing a bill today. If the integrity of our grade certificates is to be preserved, so that foreign buyers can rely on them, this situation must be cleaned up.

The men who engaged in these activities were indicted on other grounds, but those indictments were dismissed because, as the Attorney General advises us, of lack of evidence. They were not indicted for the activities I have described, on which apparently plenty of evidence would have been available, because it appears that those activities are not illegal.

I am, therefore, today introducing a bill which would make it a crime punishable by fine and imprisonment for--

First. Any sampler to take samples improperly for inspection under the United States Grain Standards Act;

Second. Any such sampler to accept a bribe for improper performance of his duty;

Third. Any person to attempt to influence any such sampler improperly;

Fourth. Any person to load, handle, or sample grain in a

manner designed to cause the issuance of a false grade certificate under that act;

Fifth. Any person to submit for inspection under that act any grain so loaded, handled, or sampled; and

Sixth. Any person to do any other act to cause the issuance of a false grade certificate.

Mr. President, I introduce a bill which covers the questions I have raised, and I ask that it be appropriately referred."

DIGEST OF PUBLIC LAW 861

AMENDMENT TO GRAIN STANDARDS ACT.

Amends this Act so as to make samplers and shippers, as well as inspectors, liable for complicity in the issuance of a false or incorrect grade certificate with respect to grain shipped in interstate or foreign commerce.

84TH CONGRESS
1ST SESSION

S. 1400

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1955

Mr. THYE introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To protect the integrity of grade certificates under the United States Grain Standards Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 9 of the United States Grain Standards Act
4 (7 U. S. C. 85) is amended to read as follows:

5 “SEC. 9. Any person who shall knowingly violate any
6 of the provisions of sections 4 or 7 of this Act, or any
7 inspector licensed under this Act, or any person sampling
8 grain for inspection under this Act, who shall knowingly
9 inspect, grade, or sample improperly any grain which has
10 been shipped or delivered for shipment in interstate or foreign
11 commerce, or shall knowingly give any false certificate of

1 grade, or shall accept money or other consideration, directly
2 or indirectly, for any neglect or improper performance of
3 duty, and any person who shall improperly influence or
4 attempt to improperly influence any such inspector or sam-
5 pler in the performance of his duty, or shall knowingly or
6 willfully cause, or attempt to cause, the issuance of a false
7 certificate of grade under this Act by deceptive loading,
8 handling, or sampling of grain, or by submitting grain for
9 inspection knowing that it has been so loaded, handled, or
10 sampled, or by any other means, shall be guilty of a misde-
11 meanor, and upon conviction thereof shall be fined not more
12 than \$1,000, or be imprisoned not more than one year, or
13 both."

A BILL

To protect the integrity of grade certificates
under the United States Grain Standards
Act.

By Mr. THYE

MARCH 10, 1955

Read twice and referred to the Committee on
Agriculture and Forestry

Page 100

S. 1400

A BILL

to amend the law relating to the

of

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the

the

June 15, 1955

tariff reductions reducing tariff rates existing on January 1, 1955, in stages of not more than 5% in each of 3 years, or negotiate reduction in those rates which are higher than 50 percent of the value of an import to a rate equivalent to 50 percent. Amends the escape clause to modify the standards for determining injury to a domestic industry. Grants the President additional authority to control imports of any article which is found to be entering in such quantities as to impair the national security. Requires the President and the Tariff Commission to report annually to the Congress on the operation of the trade agreements program.

8. CROP INSURANCE. Received from the Comptroller General the audit report on the Federal Crop Insurance Corporation, for the fiscal year ended June 30, 1954 (p. 6994). The House received this report on June 14 (H. Doc 180) (p. 6990).
9. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 1713, to amend the mining laws to provide for multiple use of the surface of the same tracts of the public lands (S. Rept. 554) (p. 6996).
10. PROPERTY; EXTENSION WORK; LOW-INCOME FARMERS. The Agriculture and Forestry Committee reported without amendment S. 2097, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (S. Rept. 557); and S. 2098, to authorize additional appropriations for cooperative extension work among low-income farmers (S. Rept. 558) (p. 6996).
11. LAND TRANSFER. The Agriculture and Forestry Committee reported without amendment H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (S. Rept. 559) (p. 6996).
12. APPLE PRICES. The Agriculture and Forestry Committee reported without amendment H. R. 5188, to prohibit USDA prediction of apple prices (S. Rept. 560) (p. 6996).
13. FARM LOANS; RECLAMATION. The Agriculture and Forestry Committee reported with amendments S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (S. Rept. 561) (p. 6996).
14. COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1956. Continued debate on this bill, H. R. 6367 (pp. 7006, 7060-70). Agreed to the committee amendment increasing forest highways (p. 7069).
15. ~~MARKETING; EXPERIMENT STATIONS; GRAIN STANDARDS.~~ The Agriculture and Forestry Committee reported with amendments ~~S. 1757, to provide penalties for false grade marking (S. Rept. 562); S. 1759, to consolidate experiment station authorizations (S. Rept. 563); and S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (S. Rept. 564) (p. 6996).~~
16. EMERGENCY LOANS. The Agriculture and Forestry Committee ordered reported with amendment S. 1582, to extend the period for the making of emergency loans for agricultural purposes (D. 556).
17. WATER CONSERVATION. Sen. Carlson inserted a resolution of the Coffeyville, Kans. Chamber of Commerce urging consideration of flood control and water pollution measures on the Big Hill Creek (p. 6995).

18. WHEAT. Sen. Neuharger urged that the "two-price" wheat plan be considered and inserted a newspaper article commenting on the recently announced wheat price supports (pp. 7003-4).

Sen. Langer inserted a portion of his remarks published by the Wall Street Journal citing the distressed position of wheat farmers who are unable to find proper storage facilities for their wheat crops (p. 7004).

19. INSECTS. Sen. Langer inserted a report from the North Dakota Insect and Pest Reporting Service listing and describing all the insects which are now prevalent throughout the Northwest (pp. 7004-5).

20. GRAIN BINS. Sen. Humphrey was again very critical of the Agriculture Department's alleged "bungling" of storage bin construction (pp. 7005-6).

BILLS INTRODUCED

21. RUBBER. S. 2242, by Sen. Kilgore, to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of the Government-owned rubber-producing facility at Institute, W. Va.; to Banking and Currency Committee (p. 6997).

22. LANDS. S. 2246, by Sen. Mundt, to authorize the sale of certain lands to the city of Wall, S. Dak.; to Agriculture and Forestry Committee (p. 6997).

23. SURPLUS PROPERTY. S. 2247, by Sen. Saltonstall, relating to the authority of the Administrator of General Services with respect to the utilization and disposal of excess and surplus Government property under the control of executive agencies; to Government Operations Committee (p. 6997).

24. FARM LABOR. S. 2248, by Sen. Saltonstall, to amend the Refugee Relief Act, as amended, to provide a certain number of visas for persons of ethnic Armenian origin; to Judiciary Committee (p. 6997).

25. RECLAMATION. S. 2251, by Sen. Welker, to authorize the Secretary of the Interior to construct, operate, and maintain in the upper Snake River Valley, Idaho and Wyo., the Narrows Federal reclamation project and a reregulating reservoir below the Palisades Dam and Reservoir; to Interior and Insular Affairs Committee (p. 6997).

26. FOREIGN TRADE. S. 2253, by Sen. Ellender (for himself and others), to re-emphasize trade development as the primary purpose of title I of the Agricultural Trade Development and Assistance Act of 1954; to Agriculture and Forestry Committee (p. 6997).

27. FARM PROGRAM. H. R. 6835, by Rep. Gathings, "to amend the Agricultural Act of 1954;" to Agriculture Committee (p. 7130).

H. R. 6836, by Rep. Gathings, "to amend the Agricultural Act of 1938, as amended;" to Agriculture Committee (p. 7130).

H. R. 6845, by Rep. Watts, "to further amend the Agricultural Adjustment Act of 1938;" to Agriculture Committee (p. 7130).

28. WILDLIFE. H. R. 6844, by Rep. Young, to provide that accumulated receipts in the Federal aid to wildlife restoration fund shall be appropriated; to amend the Wildlife Restoration Act (16 U. S. C., secs. 669-669i), defining "wildlife restoration project;" to Merchant Marine and Fisheries Committee (p. 7130).

UNITED STATES GRAIN STANDARDS—PENALTIES

JUNE 15 (legislative day, JUNE 14), 1955.—Ordered to be printed

Mr. THYE, from the Committee on Agriculture and Forestry, submitted the following

R E P O R T

[To accompany S. 1400]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1400) to protect the integrity of grade certificates under the United States Grain Standards Act, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill is designed to protect the integrity of grade certificates under the United States Grain Standards Act by making it a crime, punishable by fine or imprisonment, for—

- (1) Any sampler to take samples improperly for inspection under the United States Grain Standards Act;
- (2) Any sampler to accept a bribe for improper performance of his duty;
- (3) Any person to attempt to influence any sampler improperly;
- (4) Any person to load, handle, or sample grain in a manner designed to cause the issuance of a false grade certificate under that act;
- (5) Any person to submit for inspection under that act any grain so loaded, handled, or sampled; and
- (6) Any person to do any other act to cause the issuance of a false grade certificate.

In the summer of 1953 a subcommittee of this committee conducted hearings at Galveston at which an elevator operator testified that he ran sample grade wheat into the ship every time the sampler's back was turned, and that "slugging" of ships and "plugging" of cars was a common practice. While your committee does not believe this practice to be so widespread, it does believe that penalties should be provided for this type of action, and that every effort should be made to preserve the integrity of United States grade certificates. By assuring foreign purchasers and others that they can rely on United

States grade certificates, the bill will contribute to the improvement of both our domestic and export markets.

The bill and the committee amendment are further explained in the attached report from the Department of Agriculture.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 13, 1955.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your letter of March 11 requesting a report on S. 1400, a bill to protect the integrity of grade certificates under the United States Grain Standards Act. The bill would amend section 9 of the act to provide penalties for persons who knowingly sample grain improperly and for persons who knowingly or willfully cause or attempt to cause the issuance of a false grade certificate under the act by deceptive loading, handling, or sampling of grain, or any other means.

The Department favors enactment of S. 1400. However, in view of the fact that the present Grain Standards Act refers to incorrect certification as well as to false certificates (7 U. S. C. 77, 80), it is recommended that the words "or incorrect" be inserted after the word "false" in line 11 on page 1 and in line 6 on page 2 of the bill, for consistency with the present provisions of the act.

It is estimated that the additional functions required by the bill will increase the annual cost of administering the act by approximately \$43,500.

Although provisions of the bill appear to be difficult to enforce adequately, we believe that enactment of the bill will strengthen the requirements of the act in such a manner that it will tend to prevent or correct abuses that now occur. It will aid in preventing to a much greater degree than is now possible the "plugging" or the covering and concealing of inferior grain underneath higher quality grain in such a manner that it is not disclosed by probing or otherwise sampling in the prescribed manner. It will also provide more control over the persons who sample grain for official inspection purposes.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

UNITED STATES GRAIN STANDARDS ACT, AS AMENDED

* * * * *

SEC. 9. Any person who shall knowingly violate any of the provisions of sections 4 or 7 of this Act, or any inspector licensed under this Act, *or any person sampling grain for inspection under this Act, who shall knowingly* [inspect or grade] inspect, grade, or sample improperly any grain which has been shipped or delivered for shipment in interstate or foreign commerce, or shall knowingly give any false or incorrect certificate of grade, or shall accept money or other consideration, directly or indirectly, for any neglect or improper performance of duty, and any person who shall improperly influence or attempt to improperly influence any such inspector or sampler in the performance of his duty, *or shall knowingly or wilfully cause, or attempt to cause, the issuance of a false or incorrect certificate of grade under this Act by deceptive loading, handling, or sampling of grain, or by submitting grain for inspection knowing that it has been so loaded, handled, or sampled,* or by any other means, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$1,000, or be imprisoned not more than one year, or both.

84TH CONGRESS
1ST SESSION

S. 1400

[Report No. 564]

IN THE SENATE OF THE UNITED STATES:

MARCH 10, 1955

Mr. THYE introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

JUNE 15 (legislative day, JUNE 14), 1955

Reported by Mr. THYE, with amendments

[Insert the part printed in italic]

A BILL

To protect the integrity of grade certificates under the United States Grain Standards Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 9 of the United States Grain Standards Act
4 (7 U. S. C. 85) is amended to read as follows:

5 “SEC. 9. Any person who shall knowingly violate any
6 of the provisions of sections 4 or 7 of this Act, or any
7 inspector licensed under this Act, or any person sampling
8 grain for inspection under this Act, who shall knowingly
9 inspect, grade, or sample improperly any grain which has
10 been shipped or delivered for shipment in interstate or foreign
11 commerce, or shall knowingly give any false or incorrect

1 certificate of grade, or shall accept money or other con-
2 sideration, directly or indirectly, for any neglect or improper
3 performance of duty, and any person who shall improperly
4 influence or attempt to improperly influence any such in-
5 spector or sampler in the performance of his duty, or shall
6 knowingly or willfully cause, or attempt to cause, the issui-
7 ance of a false *or incorrect* certificate of grade under this Act
8 by deceptive loading, handling, or sampling of grain, or by
9 submitting grain for inspection knowing that it has been
10 so loaded, handled, or sampled, or by any other means, shall
11 be guilty of a misdemeanor, and upon conviction thereof
12 shall be fined not more than \$1,000, or be imprisoned not
13 more than one year, or both."

84TH CONGRESS
1ST SESSION

S. 1400

[Report No. 564]

A BILL

To protect the integrity of grade certificates
under the United States Grain Standards
Act.

By Mr. THYE

MARCH 10, 1955

Read twice and referred to the Committee on
Agriculture and Forestry

JUNE 15 (legislative day, JUNE 14), 1955

Reported with amendments

A BILL

TO AMEND AN ACT TO PROVIDE FOR THE REGULATION OF THE
 BUSINESS OF INSURANCE IN THE DISTRICT OF COLUMBIA

Enacted

March 10, 1900

Approved by the Senate and House of Representatives of the United States of America in Congress assembled

Approved by the President

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 20, 1955

For actions of June 17, 1955

84th-1st - No. 102

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate passed bill to prohibit USDA prediction of apple prices. Ready for President. Senate passed bills to: transfer to USDA certain real property in Virgin Islands; authorize additional extension work for low-income farmers; provide penalties for false grade marking; consolidate experiment station authorizations; protect grain standards. Senate debated defense appropriation bill. Senate com-

(Cont'd. on p. 4)

SENATE

1. APPLE PRICES. Passed without amendment H. R. 5188, to prohibit this Department from predicting apple prices in any official publication (pp. 7342-3). This bill will now be sent to the President.
2. PROPERTY. Passed without amendment S. 2097, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (p. 7341).
3. EXTENSION WORK. Passed without amendment S. 2098, to authorize additional appropriations for cooperative extension work among low-income farmers (p. 7341).
4. EMERGENCY LOANS. The Senate Agriculture and Forestry Committee reported with amendment S. 1582, to extend the period for making emergency loans for agricultural purposes (S. Rept. 574) (p. 7283).
5. MARKETING. Passed as reported S. 1757, to provide penalties for false grade marking (p. 7343). The bill would strengthen provisions to prevent deception in connection with inspection of agricultural commodities and would increase the maximum fine from \$500 to \$1,000.
6. EXPERIMENT STATIONS. Passed as reported S. 1759, to consolidate experiment station authorizations (pp. 7343-5). The bill would prevent allotments from shifting with shifts in relative rural and farm population; freeze the amount earmarked by section 9 of the Bankhead-Jones Act for marketing research at the amount so earmarked in 1955; and repeal a provision exempting the Georgia

experiment station from the Secretary's authority to withhold funds from stations not complying with the act.

7. GRAIN STANDARDS. Passed as reported S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (p. 7345).
8. EVER COMPACT. Passed without amendment H. R. 208, providing for a water compact between Arkansas and Oklahoma (p. 7333). This bill will now be sent to the President.
9. ROADS. Passed as reported H. R. 5923, to authorize appropriations for the completion of the Inter-American Highway (p. 7334).
10. FARM LOANS; RECLAMATION. Passed as reported S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (p. 7343).
11. GENERAL GOVERNMENT AGENCIES APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 6499 (S. Rept. 573) (p. 7283).
12. DEFENSE DEPARTMENT APPROPRIATION BILL, 1956. Began debate on this bill, H. R. 6042 (pp. 7332, 7350-1, 7354-8).
13. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 1849, to provide for the granting of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (S. Rept. 576) (p. 7283).
The Government Operations Committee reported with amendments S. J. Res. 21, to establish a Commission on Government Security (S. Rept. 581) (p. 7283).
14. REORGANIZATION. The Government Operations Committee agreed to refer to its Subcommittee on Reorganization the eight Hoover Commission reports and draft legislation received thus far by the committee (S. Rept. 581) (p. 7283).
15. LAND TRANSFERS. Discussed and passed over upon objection by Sen. Morse H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (pp. 7341-2).
16. RECLAMATION; ELECTRIFICATION. Sen. Mansfield inserted his statement favoring the construction of the proposed Yellowtail Dam (p. 7287).
Sen. Watkins inserted his statement in answer to various charges made by Raymond Moley against reclamation programs in the West (pp. 7325-31).
17. ELECTRIFICATION. Sen. Neuberger criticized the administration's power policies and inserted newspaper articles on this subject (pp. 7288-90).
18. OPERATION ALERT. Sen. Humphrey criticized this Department for certain statements sent to farmers during Operation Alert, and stated that "this part of the operation might well be termed 'Operation Foul-up'" (pp. 7349-50).
19. WATER POLLUTION. Passed as reported S. 890, to extend and strengthen the Water Pollution Control Act (pp. 7334-8).

any portion of the preceding annual appropriation allotted to that station under this act remains unexpended, such amount shall be deducted from the next succeeding annual allotment to the State concerned.

"If the Secretary of Agriculture shall withhold from any State any portion of the appropriations available for allotment, the facts and reasons therefor shall be reported to the President and the amount involved shall be kept separate in the Treasury until the close of the next Congress. If the next Congress shall not direct such sum to be paid, it shall be carried to surplus.

"The Secretary of Agriculture shall make an annual report to the Congress during the first regular session of each year of the receipts and expenditures and work of the agricultural experiment stations in all the States under the provisions of this act and also whether any portion of the appropriation available for allotment to any State has been withheld and if so the reasons therefor.

"SEC. 8. Nothing in this act shall be construed to impair or modify the legal relations existing between any of the colleges or universities under whose direction State agricultural experiment stations have been established and the government of the States in which they are respectively located. States having agricultural experiment stations separate from such colleges or universities and established by law, shall be authorized to apply such benefits to research at stations so established by such States: *Provided*, That in any State in which more than one such college, university, or agricultural experiment station has been established the appropriations made pursuant to this act for such State shall be divided between such institutions as the legislature of such State shall direct.

"SEC. 9. The Congress may at any time, amend, suspend, or repeal any or all of the provisions of this act."

SEC. 2. The following listed sections or parts of sections of the Statutes at Large heretofore covering the provisions consolidated in this act are hereby repealed: *Provided, however*, That any rights or liabilities existing under such repealed sections or parts of sections shall not be affected by their repeal:

Bankhead-Jones Act, title I, sections 2 to 8, June 29, 1935 (49 Stat. 436; 7 U. S. C. 427a-g).

Section 9, and related provisions of section 11 of the Bankhead-Jones Act, title I, as added by title I of the Research and Marketing Act (60 Stat. 1082; 7 U. S. C. 427h, 427i).

Department of Agriculture Organic Act of 1944, title I, section 105, amending the Bankhead-Jones Act, title I, section 5, by adding subsection (c) (58 Stat. 735; 7 U. S. C. 427d).

Act approved June 7, 1888, amending the Hatch Act (25 Stat. 176; 7 U. S. C. 372).

Adams Act approved March 16, 1906 (34 Stat. 63; 7 U. S. C. 369, 371, 373, 366, 374, 375, 361, 376, 380, 382).

Purnell Act approved February 24, 1925 (43 Stat. 970; 7 U. S. C. 370, 371, 373, 374, 375, 376, 366, 361, 380, 382).

The acts extending the benefits of the foregoing acts to the Territory of Hawaii, the Territory of Alaska, and Puerto Rico: Hawaii, act of May 16, 1928 (45 Stat. 571; 7 U. S. C. 386, 386a, 386b); Alaska, act of June 20, 1936 (49 Stat. 1553), as amended by Public Law 739, approved August 29, 1950 (7 U. S. C. 369a); Alaska, act of February 23, 1929 (45 Stat. 1256; 7 U. S. C. 386c); Puerto Rico, act of March 2, 1931 (46 Stat. 1520; 7 U. S. C. 386d, e, f).

Such portion of the Department of Agriculture Appropriation Act of 1890, approved March 2, 1889, as related to examination of soil by experimental stations (25 Stat. 841; 7 U. S. C. 364).

That part of the act of October 1, 1918, relating to the Georgia Agricultural Experiment Station (40 Stat. 998; 7 U. S. C. 383).

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief statement in explanation of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF S. 1759

This bill would consolidate the various laws authorizing appropriations for the State agricultural experiment stations, and thereby reduce budgeting and accounting requirements and expenses for the Government and for the States. Similar action was taken by Congress in 1953 with respect to the extension service. In addition the bill would (1) prevent allotments from shifting with shifts in relative rural and farm populations; (2) freeze the amount earmarked by section 9 of the Bankhead-Jones Act for marketing research at the amount so earmarked in 1955; and (3) repeal a provision exempting the Georgia experiment station from the Secretary's authority to withhold funds from stations not complying with the act. Consolidation has been recommended by the Appropriations Committees of the House and Senate, and the bill has been approved unanimously by a committee representing the Association of Land-Grant Colleges and Universities.

The committee amendments would clarify the language of the bill, making no change in substance.

PROTECTION OF INTEGRITY OF GRADE CERTIFICATES UNDER THE UNITED STATES GRAIN STANDARDS ACT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 569, Senate bill 1400.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1400) to protect the integrity of grade certificates under the United States Grain Standards Act, which had been reported from the Committee on Agriculture, with amendments, on page 1, line 11, after the word "false", to insert "or incorrect", and on page 2, line 7, after the word "false", to insert "or incorrect", so as to make the bill read:

Be it enacted, etc., That section 9 of the United States Grain Standards Act (7 U. S. C. 85) is amended to read as follows:

"SEC. 9. Any person who shall knowingly violate any of the provisions of section 4 or 7 of this act, or any inspector licensed under this act, or any person sampling grain for inspection under this act, who shall knowingly inspect, grade, or sample improperly any grain which has been shipped or delivered for shipment in interstate or foreign commerce, or shall knowingly give any false or incorrect certificate of grade, or shall accept money or other consideration, directly or indirectly, for any neglect or improper performance of duty, and any person who shall improperly influence or attempt

to improperly influence any such inspector or sampler in the performance of his duty, or shall knowingly or willfully cause, or attempt to cause, the issuance of a false or incorrect certificate of grade under this act by deceptive loading, handling, or sampling of grain, or by submitting grain for inspection knowing that it has been so loaded, handled, or sampled, or by any other means, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$1,000, or be imprisoned not more than 1 year, or both."

Mr. JOHNSTON of South Carolina. Mr. President, the senior Senator from Minnesota [Mr. THYE] will explain the bill.

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief statement in explanation of the bill, which was unanimously reported from the committee.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

This bill is designed to protect the integrity of grade certificates under the United States Grain Standards Act by prohibiting the "plugging" of cars or "slugging" of ships. The bill would make it a crime, punishable by fine or imprisonment, for—

- (1) Any sampler to take samples improperly for inspection under the United States Grain Standards Act;
- (2) Any sampler to accept a bribe for improper performance of his duty;
- (3) Any person to attempt to influence any sampler improperly;
- (4) Any person to load, handle, or sample grain in a manner designed to cause the issuance of a false grade certificate under that act;
- (5) Any person to submit for inspection under that act any grain so loaded, handled, or sampled; and
- (6) Any person to do any other act to cause the issuance of a false grade certificate.

By assuring purchasers that they can rely on United States grade certificates, the bill will contribute to the improvement of both our domestic and export markets.

The committee amendment (which was suggested in the Department of Agriculture's report) makes no substantial change in the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FILING OF DOCUMENTS EVIDENCING SALE OF MOTOR VEHICLES BY CERTAIN CARRIERS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 558, Senate bill 1966.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1966) to amend the Interstate Commerce Act to provide for filing of documents evidencing the lease, mortgage, conditional sale, or bailment of motor vehicles sold to or owned by certain carriers subject to such act.

Mr. BRICKER. Mr. President, this bill was reported unanimously from the Committee on Interstate and Foreign Commerce. Last year a bill was unanimously reported in the same form, and it passed the Senate without objection.

I ask unanimous consent to have printed in the RECORD at this point a statement in regard to the bill. What it does is merely place trucking companies in the same position as all other carriers, so that financial institutions and trucking companies can be protected—both creditor and debtor—in the filing of documents evidencing the sale of motor vehicles by certain carriers.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MEMORANDUM RE S. 1966, A BILL TO PROVIDE THAT A TRUCK LIEN PROPERLY FILED IN THE PURCHASER'S HOME STATE IS VALID IN ALL OTHER STATES TO THE SAME EXTENT AS IF ACTUALLY FILED IN SUCH OTHER STATES

S. 1966 is substantially similar to S. 3185 which passed the Senate in the 83d Congress. Hearings were held on S. 3185 and a report thereon was published as No. 6141, Calendar No. 1475. A similar bill, H. R. 4528, has been introduced in the House.

The objective of the bill is to afford the trucking industry relief from existing sales handicap in the recording of liens on trucks and truck trailers.

Existing Federal statutes regarding the recording of liens provide a benefit to the competing branches of the transportation business, namely, railroad, aircraft, and shipping, which is not now available to the trucking industry. S. 1966 would eliminate this disadvantage to the trucking industry.

At the present time the trucking industry has trouble arranging credit with banks and other lending institutions to finance purchases of equipment. The principal reason is that it is impossible from a practical standpoint to record a lien in every State and other political subdivision such as county and municipality whose laws provide for recording of such liens. Consequently when a manufacturer of trucking equipment or some other seller of such equipment attempts to finance the sale through a bank, the bank's attorneys are not in a position to advise the bank as to the priority of the lien the bank would assume because it is both impracticable and prohibitive in cost for the attorneys to search the records of every State, municipality, and other political subdivision, where the particular truck upon which the lien is being given may travel.

This bill would provide certainty as to the validity of lien instruments essential for financing of motor vehicles and also would encourage banks and manufacturers to extend necessary credit to the industry. The legislation would reduce substantially the cost of financing motor carrier equipment by effecting savings of recording fees, by eliminating most of the costs incident to enforcing such liens.

Motor carriers generally do not have sufficient capital to purchase equipment on a cash basis. They have difficulty financing such purchases through local banks because of the impracticability of searching State and other political subdivision recording offices for evidence of prior liens or of assuring that a lien against a loan made now would retain its priority.

Most manufacturers do not have sufficient capital in excess of their own requirements to finance such sales and their attempts to negotiate the sale of paper covering such financing to banking institutions meet with the same difficulty, namely, statements that

the paper constituting a first lien cannot be substantiated by legal opinion for the reasons previously stated.

Under S. 1966, a lien filed in the home State of the purchaser would be valid in all other States to the same extent that it would have been if actually filed in these other States. Thus one filing would be sufficient, as is true now under Federal statutes for railroad equipment, airplane equipment, and shipping equipment.

The bill applies to motor vehicles belonging to motor, rail, and water carriers, which are subject to the Interstate Commerce Act. The bill has the support of the trucking industry, Railway Express, truck and trailer manufacturers, and the lending institutions concerned. Government departments expressed no objection to the same legislation as proposed in the 83d Congress by S. 3185 and neither did any other group. No departmental or other objections to S. 1966 have been received to date.

Appended hereto is a summary of the drafting changes between the pending bill S. 1966 and S. 3185 which passed the 83d Congress. There are no substantive changes. The drafting changes were designed after discussions with various groups and are of a clarifying nature.

S. 1966 contains no substantive changes from the proposal made in S. 3105 which passed the Senate in the 83d Congress.

Specifically, S. 1966 accomplishes the following changes in S. 3185.

1. Page 2, line 4 and 5 (S. 1966), the language "or the use and possession of which has by such instrument been transferred to" has been added to the language of S. 3185 which read simply, "owned by." This change was believed necessary as a vehicle is not technically owned when purchased under a title retaining contract.

2. Page 2, line 5 (S. 1966), "express" added in line with request of Railway Express Agency.

3. Page 2, line 6 (S. 1966), "or" read "and" in S. 3185.

4. Page 2, lines 14 and 20 (S. 1966), "or other business legal entity" was merely "association" in S. 3185.

5. Page 8, lines 14 and 15 and 21 (S. 1966), "principal place of business" was "principal office" in S. 3185. We feel that this change is in keeping with standard phraseology in corporate charters.

In addition to the above technical changes, S. 1966, in the interest of clarity, places the criteria for having a valid lien at the end of the bill rather than in the middle of the bill as formerly.

Also, in order to eliminate the somewhat confusing language contained in S. 3185 relating to "mortgagor, trustee, lessee, bailee or buyer" (p. 2, lines 6-9, of S. 3185), S. 1966 defines "purchaser" to include these terms. It should be noted that S. 1966 eliminates the term "trustee" (or "trustees" as it appears both ways in S. 3185), as it is our feeling that the term "trustee" is inconsistent with mortgagor, buyer, etc.

Further, the addition of the paragraph in S. 1966 (p. 2, lines 12-15), respecting recording of the instrument in the "home" State of the purchaser, together with the addition of the phrase "if any", at page 2, line 10, of S. 1966 is intended to overcome objections raised relating to the situation where either the State of residence or the State where enforcement of the lien is sought have no recordation statute.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Interstate Commerce Act is amended as follows: After section 212 insert the following new section:

"VALIDITY OF CERTAIN CREDIT INSTRUMENTS"

"SEC. 213. (a) As used in this section the term "purchaser" means any mortgagor, lessee, bailee, buyer, or person holding a motor vehicle under a title retaining contract, mortgage, lease agreement, bailment, trust indenture, or other instrument having the effect thereof.

"(b) Any mortgage, lease, equipment trust agreement, conditional sale agreement, or other instrument evidencing the lease, conditional sale, or bailment of one or more motor vehicles owned by, or the use and possession of which has by such instrument been transferred to, a motor, rail, express, or water carrier subject to any provision of this act shall be valid and enforceable without filing or recording in any State against any person to the same extent that such instrument would be enforceable against such person if the filing and recording statutes of such State, if any, applicable to such documents had been complied with, if

"(1) such instrument has been recorded or filed in the State in which the purchaser resides, or if a corporation or other business legal entity has its principal place of business, and/or

"(2) such instrument is valid or enforceable against creditors of the purchaser and against subsequent purchasers from the first purchaser named in such instrument in the State in which the purchaser resides, or if a corporation or other business legal entity has its principal place of business."

CONSTRUCTION OF TWO SURVEYING SHIPS FOR THE COAST AND GEODETIC SURVEY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 571, Senate bill 847.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 847) to authorize the construction of 2 surveying ships for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I invite the attention of my delightful friend from Maine [Mr. PAYNE] to the pending bill.

Mr. PAYNE. Mr. President, the bill was before the Committee on Interstate and Foreign Commerce, and was unanimously reported by that committee. It has the approval of the agencies concerned.

I ask unanimous consent to have printed in the RECORD at this point a statement in explanation of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BRIEF SUMMARY OF S. 847, TO AUTHORIZE CONSTRUCTION OF TWO SURVEY SHIPS FOR COAST AND GEODETIC SURVEY

The bill would authorize the construction for the Coast and Geodetic Survey, of two 2,500-ton vessels, to cost not more than \$3,700,000 each, as part of a replacement program begun in 1938, but halted by the war after two vessels were constructed. The new vessels would be placed in service in Alaska, where a great deal of work is underway for the Defense Department.

The agency now has in service 4 moderate-sized vessels (2 of which are overage, 25 and 38 years old, respectively), plus 1 old Navy vessel, operated with Navy funds, to carry

84TH CONGRESS
1ST SESSION

S. 1400

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1955

Referred to the Committee on Agriculture

AN ACT

To protect the integrity of grade certificates under the United States Grain Standards Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 9 of the United States Grain Standards Act
4 (7 U. S. C. 85) is amended to read as follows:

5 “SEC. 9. Any person who shall knowingly violate any
6 of the provisions of sections 4 or 7 of this Act, or any
7 inspector licensed under this Act, or any person sampling
8 grain for inspection under this Act, who shall knowingly
9 inspect, grade, or sample improperly any grain which has
10 been shipped or delivered for shipment in interstate or foreign
11 commerce, or shall knowingly give any false or incorrect

1 certificate of grade, or shall accept money or other con-
2 sideration, directly or indirectly, for any neglect or improper
3 performance of duty, and any person who shall improperly
4 influence or attempt to improperly influence any such in-
5 spector or sampler in the performance of his duty, or shall
6 knowingly or willfully cause, or attempt to cause, the issu-
7 ance of a false or incorrect certificate of grade under this Act
8 by deceptive loading, handling, or sampling of grain, or by
9 submitting grain for inspection knowing that it has been
10 so loaded, handled, or sampled, or by any other means, shall
11 be guilty of a misdemeanor, and upon conviction thereof
12 shall be fined not more than \$1,000, or be imprisoned not
13 more than one year, or both.”

Passed the Senate June 17 (legislative day, June 14),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 1400

AN ACT

To protect the integrity of grade certificates
under the United States Grain Standards
Act.

JUNE 20, 1955

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued

July 16, 1956

For actions of

July 13, 1956

84th-2nd, No. 119

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate passed following bills: Disposal of Akron synthetic rubber laboratory. Permit processors to buy cotton futures contracts. Ready for President. Broaden law on practices in marketing perishable commodities. Eliminate delay in starting watershed projects. Ready for President. Provide for Presidential appointment of Department's legal officers. Extend time for filing Government Security Commission Report. Both Houses received proposed legislation to implement International Wheat Agreement. Senate committee reported bills to: Renew lease to railroad on ARS land in Montana. Extend special school milk program to certain institutions. Senate committee ordered reported bill for humane slaughter methods. Senate committee ordered reported mutual security appropriation bill. Sen. Johnson urged additional drought assistance for livestock industry. House conferees appointed on CCC borrowing increase bill. House passed following bills: Simplify and facilitate (continued on page 6)

HOUSE

1. COMMODITY CREDIT CORPORATION. Conferees were appointed on S. 3820, to increase the borrowing authority of the CCC. Senate conferees were appointed on July 9. p. 11522
2. BUDGETING; ACCOUNTING. Passed with amendment S. 3897, to improve governmental budgeting and accounting methods and procedures. The amendment consisted of the insertion of the language of H. R. 11526, a similar bill, after having passed the House with committee amendments. H. R. 11526 was subsequently laid on the table. p. 11522
Rep McCormack requested and received permission for the Government Operations Committee to file, by Mon. midnight, a report on H. R. 11526. p. 11589
The "Daily Digest" states that the conferees agreed to file a conference report on H. R. 9593, to simplify accounting and facilitate the payment of

obligations. p. D801

3. CONTRACTS. Passed as reported H. R. 11947, to amend and extend (until Jan. 1, 1959) the provisions of the Renegotiation Act of 1951. p. 11550
4. TRANSPORTATION. Passed as reported S. 898, to amend the Interstate Commerce Act so as to authorize ICC to regulate the use by motor carriers (under leases, contracts, or other arrangements) of motor vehicles not owned by them, in the furnishing of transportation of property, but to prohibit regulation of the duration of, the terms of pay under, certain trip-leasing arrangements. p. 11572
5. FARM LOANS. Conferees were appointed on H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. Senate conferees were appointed on July 12. p. 11577
6. MARKETING. Began debate on H. R. 4054, to provide a system of mortgage insurance to municipal and other political subdivisions of the States, to be administered by USDA, for the expansion of public marketing of perishable commodities. p. 11577
7. RECLAMATION; ELECTRIFICATION. Passed with amendment S. 497, to authorize the construction, operation, and maintenance of the Washoe reclamation project, Nev. and Calif. The amendment to S. 497 consisted of inserting the language of H. R. 10643, a similar bill, after having passed the House without amendment. H. R. 10643 was subsequently laid on the table. p. 11582
8. GRAIN STANDARDS. The Subcommittee on Wheat of the Agriculture Committee ordered reported to the full committee S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act by providing penalties for persons who knowingly sample grain improperly and for persons who knowingly load or otherwise handle grain deceptively for inspection under the Act. p. D799
9. FARM LABOR. The Subcommittee on Transportation and Communication of the Interstate and Foreign Commerce Committee ordered reported to the full committee S. 3391, to provide for reasonable requirements regarding comfort, safety, etc., of the interstate transportation of migrant farm workers. p. D800
10. WILDLIFE. The Merchant Marine and Fisheries Committee ordered reported H. R. 8250, to require conformance with State and Territorial fish and game laws and licensing requirements on Federal lands not subject to such laws. p. D800
11. LAND TRANSFER. Agreed to the Senate amendments to H. R. 8817, to provide for the transfer of certain Forest Service land to the city of Corbin, Ky. This bill is now ready for the President. p. 11577
12. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program for July 16 - 20: Mon., Consent calendar and the civil-rights bill; Tues., Private calendar; Wed., Committee Calendar; and balance of the week: AEC appropriation authorization increase, Defense Department point of order bill, marketing facilities bill, and bill to amend Public Law 480, 83d Congress. p. 11589
13. ADJOURNED until Mon., July 16. pp. 11589, 11595

July 17, 1956

15. DAIRYING; POSTAL RATES. Sen. Wiley inserted correspondence from the dairy industry opposing increases in postal rates. p. 11800
16. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Hells Canyon dam bill, Mutual Security appropriation bill, and executive pay bill will probably be considered this week; that there will be night sessions this week, and possibly a session on Sat., July 21; and that it is hoped that the business of this session can be concluded some time next week. pp. 11804, 11920

HOUSE

17. THE AGRICULTURE COMMITTEE ordered reported the following bills: p. D819
 - S. 2246, to authorize the sale of certain lands to the city of Wells, S. Dak.
 - S. 1089, to authorize the Secretary of Agriculture to sell at not less than the appraised value, and under such terms and conditions as he deems appropriate, lands in the national forests which are isolated parcels or narrow projecting strips, when he finds such lands suitable for private ownership and better adapted to commercial, agricultural, residential, or other private purposes than to national forest purposes.
 - S. 4058, to extend for 10 years the lease of a tract of research station land to the Chicago, Milwaukee, St. Paul and Pacific Railroad Co.
 - S. 2216, to amend the act of March 4, 1915, to permit the use and occupancy of national forest lands for industrial and commercial purposes, and by States or political subdivisions for constructing facilities for education or other public uses.
 - H. R. 5275, to authorize FCIC to provide reinsurance on any crop or plantation insurance provided in Puerto Rico by a duly-authorized agency of the Commonwealth of Puerto Rico.
 - H. R. 11958, to amend the acreage reserve provisions of the Soil Bank Act to permit inclusion of acreage up to 30 days prior to harvest.
18. MILITARY CONSTRUCTION; SURPLUS COMMODITIES. Passed without amendment H. R. 12270, to authorize certain construction at military installations. The bill authorizes the Secretary of Defense to use for family housing in foreign countries, foreign currencies not to exceed \$250 million acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954, or through other commodity transactions of the CCC. p. 11924 (This bill supersedes H. R. 9893, the military construction bill, which was vetoed by the President.)
19. FORESTRY. Received the conference report on H. R. 6376, to provide for the hospitalization and care of the mentally ill in Alaska, including a grant of not to exceed one million acres of public lands (includes lands eliminated from the national forests) (H. Rept. 2735). p. 11934
 - Rep. Dixon spoke in support of H. R. 8898, to authorize the purchase of additional lands in the Cache National Forest, Utah. p. 12021
20. ATOMIC ENERGY. Rep. Holifield urged that increased effort be made to develop peaceful uses of atomic energy in the creation of low-cost electric power facilities. p. 12016
 - The Rules Committee reported resolutions for the consideration of the following bills: P. 12028

H.R. 9743, to encourage maximum development of atomic energy reactors for the generation of low-cost electric power and the production, utilization, and treatment of special nuclear and other materials.

H.R. 12050, to amend the Atomic Energy Act of 1954, so as to provide Federal reinsurance on certain atomic energy reactors.

21. ELECTRIFICATION. Rep. Johnson, Wis., supported the construction of a Federally owned high dam at Hells Canyon, and inserted a newspaper column relative to this subject. p. 12021

The Interior and Insular Affairs Committee ordered reported S. 3338, regarding rates charged to public bodies and cooperatives for electric power generated at Federal projects. p. D819

22. TRANSPORTATION. Rep. Dixon spoke in support of S. 898, the trip-leasing bill, as being "absolutely essential to the efficient marketing of agricultural commodities." p. 12025

23. FARM LABOR. The Interstate and Foreign Commerce Committee ordered reported S. 3391, to provide for reasonable requirements regarding comfort, safety, etc., of the interstate transportation of migrant farm workers. p. D820

24. LANDS. The Interior and Insular Affairs Committee reported without amendment S. 3458, to grant leave of absence to homestead entrants and to permit suspension of cultivation and improvement operations on homestead and desert land entries (H. Rept. 2737). p. 12028

The Agriculture Committee reported without amendment S. 2572, to authorize the interchange of lands between this Department and the military departments of the Defense Department (H. Rept. 2747). p. 12028

25. RUBBER. The Armed Services Committee reported without amendment S. 3832, to provide for the disposal of the Government-owned synthetic rubber research laboratories at Akron, O. (H. Rept. 2741). p. 12028

26. PERSONNEL. The Government Operations Committee reported with amendment H.R. 11515, to provide for the payment of travel and transportation costs for persons selected for appointment to certain Federal positions in the U. S. and Alaska (H. Rept. 2742). p. 12028

27. FLOOD INSURANCE. The Banking and Currency Committee reported with amendment S. 3732, to provide insurance against flood damages (H. Rept. 2746). p. 12028 (For a summary of the provisions of this bill as reported in the Senate, see Digest No. 72.)

28. GRAIN STANDARDS. The Agriculture Committee reported without amendment S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act by providing penalties for persons who knowingly sample grain improperly and for persons who knowingly load or otherwise handle grain deceptively for inspection under the Act (H. Rept. 2748). ~~p. 12028~~

29. BANKING. The Rules Committee reported a resolution for the consideration of H. R. 11261, to extend, until June 30, 1963, the Export-Import Bank Act of 1945. p. 12028.

30. LABOR STANDARDS. The Rules Committee reported a resolution for the consideration of H. R. 11799, to amend the Fair Labor Standards Act of 1938 relative to minimum wages under Federal construction contracts in Samoa, Wake, and Guan Islands. p. 12028

UNITED STATES GRAIN STANDARDS—PENALTIES

JULY 17, 1956.—Referred to the House Calendar and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany S. 1400]

The Committee on Agriculture, to whom was referred the bill (S. 1400) to protect the integrity of grade certificates under the United States Grain Standards Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of this bill is to make samplers and shippers, as well as inspectors, liable for complicity in the issuance of a false or incorrect grade certificate with respect to grain shipped in interstate or foreign commerce. The penalty provision of the law has applied for many years to inspectors. This bill will extend that provision to samplers and shippers. At hearings on the bill, spokesmen for the Department of Agriculture and the Grain and Feed Dealers National Association appeared in favor of the bill. There were no witnesses in opposition.

Following is the text of the Senate report on the bill:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1400) to protect the integrity of grade certificates under the United States Grain Standards Act, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill is designed to protect the integrity of grade certificates under the United States Grain Standards Act by making it a crime, punishable by fine or imprisonment, for—

- (1) Any sampler to take samples improperly for inspection under the United States Grain Standards Act;
- (2) Any sampler to accept a bribe for improper performance of his duty;

(3) Any person to attempt to influence any sampler improperly;

(4) Any person to load, handle, or sample grain in a manner designed to cause the issuance of a false grade certificate under that act;

(5) Any person to submit for inspection under that act any grain so loaded, handled, or sampled; and

(6) Any person to do any other act to cause the issuance of a false grade certificate.

In the summer of 1953 a subcommittee of this committee conducted hearings at Galveston at which an elevator operator testified that he ran sample grade wheat into the ship every time the sampler's back was turned, and that "slugging" of ships and "plugging" of cars was a common practice. While your committee does not believe this practice to be so widespread, it does believe that penalties should be provided for this type of action, and that every effort should be made to preserve the integrity of United States grade certificates. By assuring foreign purchasers and others that they can rely on United States grade certificates, the bill will contribute to the improvement of both our domestic and export markets.

The bill and the committee amendment are further explained in the attached report from the Department of Agriculture.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,

Washington, D. C., June 13, 1955.

Hon. ALLEN J. ELLENDER,

*Chairman, Committee on Agriculture and Forestry,
United States Senate.*

DEAR SENATOR ELLENDER: This is in reply to your letter of March 11 requesting a report on S. 1400, a bill to protect the integrity of grade certificates under the United States Grain Standards Act. The bill would amend section 9 of the act to provide penalties for persons who knowingly sample grain improperly and for persons who knowingly or willfully cause or attempt to cause the issuance of a false grade certificate under the act by deceptive loading, handling, or sampling of grain, or any other means.

The Department favors enactment of S. 1400. However, in view of the fact that the present Grain Standards Act refers to incorrect certification as well as to false certificates (7 U. S. C. 77, 80), it is recommended that the words "or incorrect" be inserted after the word "false" in line 11 on page 1 and in line 6 on page 2 of the bill, for consistency with the present provisions of the act.

It is estimated that the additional functions required by the bill will increase the annual cost of administering the act by approximately \$43,500.

Although provisions of the bill appear to be difficult to enforce adequately, we believe that enactment of the bill will strengthen the requirements of the act in such a manner that

it will tend to prevent or correct abuses that now occur. It will aid in preventing to a much greater degree than is now possible the "plugging" or the covering and concealing of inferior grain underneath higher quality grain in such a manner that it is not disclosed by probing or otherwise sampling in the prescribed manner. It will also provide more control over the persons who sample grain for official inspection purposes.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

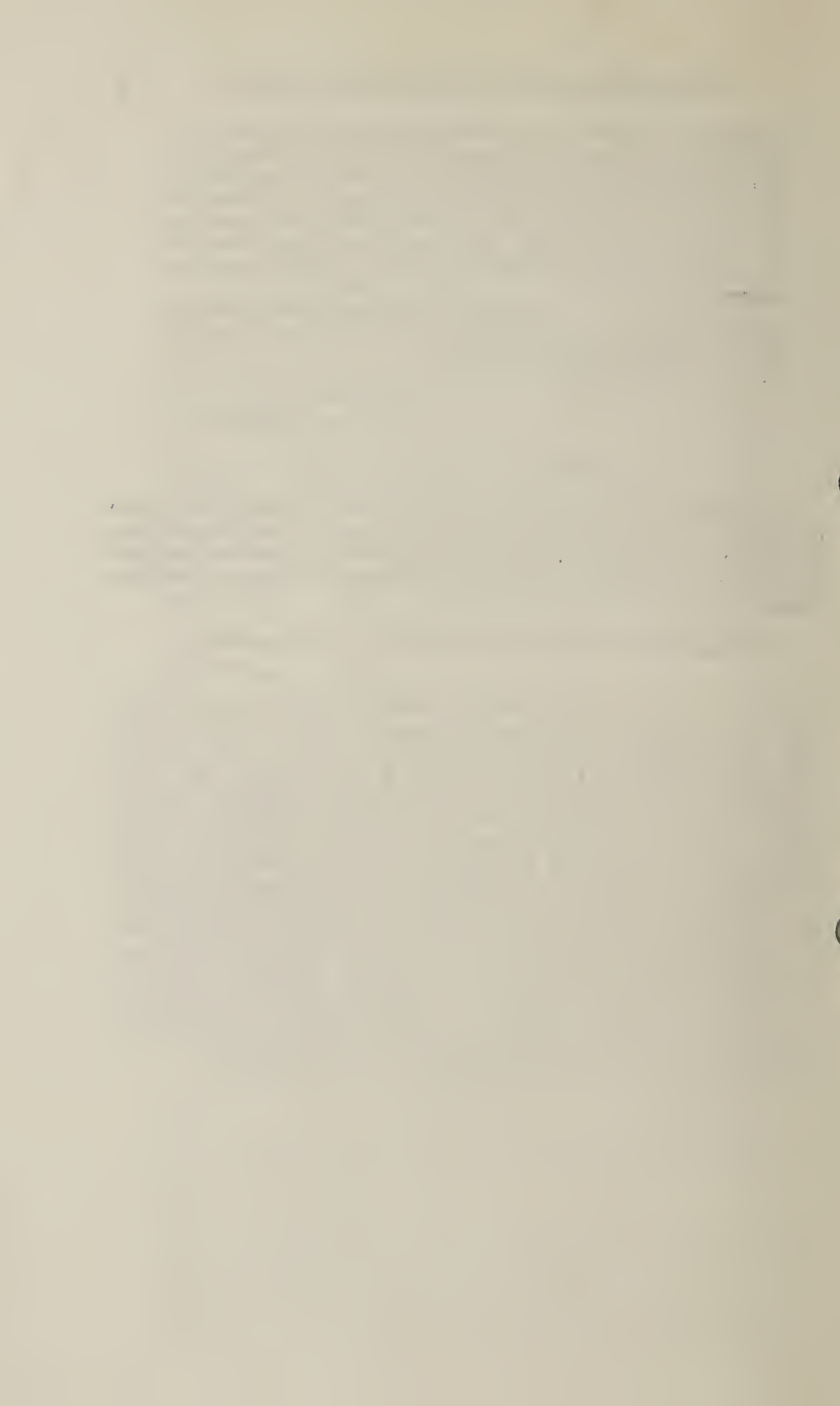
In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

UNITED STATES GRAIN STANDARDS ACT, AS AMENDED

* * * * *

SEC. 9. Any person who shall knowingly violate any of the provisions of sections 4 or 7 of this Act, or any inspector licensed under this Act, *or any person sampling grain for inspection under this Act,* who shall knowingly [inspect or grade] *inspect, grade, or sample* improperly any grain which has been shipped or delivered for shipment in interstate or foreign commerce, or shall knowingly give any false *or incorrect* certificate of grade, or shall accept money or other consideration, directly or indirectly, for any neglect or improper performance of duty, and any person who shall improperly influence or attempt to improperly influence any such inspector *or sampler* in the performance of his duty, *or shall knowingly or willfully cause, or attempt to cause, the issuance of a false or incorrect certificate of grade under this Act by deceptive loading, handling, or sampling of grain, or by submitting grain for inspection knowing that it has been so loaded, handled, or sampled, or by any other means,* shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$1,000, or be imprisoned not more than one year, or both.





House Calendar No. 290

84TH CONGRESS
2D SESSION

S. 1400

[Report No. 2748]

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1955

Referred to the Committee on Agriculture

JULY 17, 1956

Referred to the House Calendar and ordered to be printed

AN ACT

To protect the integrity of grade certificates under the United States Grain Standards Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 9 of the United States Grain Standards Act
4 (7 U. S. C. 85) is amended to read as follows:

5 “SEC. 9. Any person who shall knowingly violate any
6 of the provisions of sections 4 or 7 of this Act, or any
7 inspector licensed under this Act, or any person sampling
8 grain for inspection under this Act, who shall knowingly
9 inspect, grade, or sample improperly any grain which has
10 been shipped or delivered for shipment in interstate or foreign
11 commerce, or shall knowingly give any false or incorrect

1 certificate of grade, or shall accept money or other con-
2 sideration, directly or indirectly, for any neglect or improper
3 performance of duty, and any person who shall improperly
4 influence or attempt to improperly influence any such in-
5 spector or sampler in the performance of his duty, or shall
6 knowingly or willfully cause, or attempt to cause, the issu-
7 ance of a false or incorrect certificate of grade under this Act
8 by deceptive loading, handling, or sampling of grain, or by
9 submitting grain for inspection knowing that it has been
10 so loaded, handled, or sampled, or by any other means, shall
11 be guilty of a misdemeanor, and upon conviction thereof
12 shall be fined not more than \$1,000, or be imprisoned not
13 more than one year, or both."

Passed the Senate June 17 (legislative day, June 14),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To protect the integrity of grade certificates
under the United States Grain Standards
Act.

JUNE 20, 1955

Referred to the Committee on Agriculture

JULY 17, 1956

Referred to the House Calendar and ordered to be
printed

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July 23, 1956

licensing requirements on Federal lands not subject to such laws. p. 12783

Passed without amendment S. 3458, to grant leaves of absence to homestead entrymen and to permit suspension of cultivation and improvement operations on homestead and desert land entries. This bill is now ready for the President. p. 12784

32. WATER SUPPLY. At the request of Rep. Ford, passed over S. 2374, to authorize the Secretary of the Army to enter into contracts to furnish water for municipal water supplies from flood control and river and harbor projects. p. 12774

33. FLOOD CONTROL. Passed, under suspension of the rules, H. R. 12080, to authorize the construction, repair, and preservation of certain public works on rivers and harbors for navigation, and Army flood control projects. p. 12812

34. WATERSHEDS. The conferees agreed to file a report (but did not actually file a report) on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. p. 1869

35. MINING. The Interior and Insular Affairs Committee ordered reported (but did not actually report) S. 3941, relating to certain mining claims which were eligible for validation under the Act of August 12, 1953, but which were not validated solely because of the failure of the owners to take certain action to protect their claims within the prescribed period. p. 1868

36. GRAIN STANDARDS. Passed without amendment S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act by providing penalties for persons who knowingly sample grain improperly and for persons who knowingly load or otherwise handle grain deceptively for inspection under the Act. This bill is now ready for the President. p. 12785

37. CROP INSURANCE. At the request of Rep. Byrnes, passed over H. R. 5275, to authorize FCIC to provide reinsurance on any crop or plantation insurance provided in Puerto Rico by a duly-authorized agency of the Commonwealth of Puerto Rico. p. 12794

38. SOIL BANK. Reps. Mason and Anderson objected to the consideration of H. R. 11958, to amend the acreage reserve provisions of the Soil Bank Act to permit inclusion of certain drought damaged acreage up to 30 days prior to harvest. p. 12794

39. GREAT PLAINS. Passed without amendment H. R. 11833, to amend the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938 to provide for a Great Plains conservation program. Prior to this action, at the request of Rep. Aspinall, the House had passed over the bill during the call of the Consent Calendar. pp. 12805, 12872

40. CONSTRUCTION CONTRACTS. Rejected S. 1644, to prescribe policy and procedure in connection with construction contracts made by executive agencies. Although 245 voted in favor of the bill and 145 against, a two-thirds majority was required since the bill was considered on a motion to suspend the rules. p. 12839

41. FARM LABOR. Passed as reported S. 3391, to provide reasonable requirements regarding comfort, safety, etc., of the interstate transportation of migrant farm workers. p. 12853

42. TRADE FAIRS. Passed as reported S. 3116, to provide for the promotion and strengthening of international relations through cultural and athletic exchanges

and participation in international fairs and festivals. p. 12861

43. WOOL IMPORTS. Rejected H. R. 12227, to amend certain provisions of the Tariff Act of 1930 relative to import duties on wool. Although 216 voted for the bill and 123 against, a two-thirds majority was required since the bill was considered under suspension of the rules. p. 12874
44. TOBACCO. The Ways and Means Committee ordered reported (but did not actually report) H. R. 12114, to provide for the refund or credit of internal revenue taxes paid or payable with respect to alcohol and tobacco products destroyed or rendered unmarketable as a consequence of a major disaster. p. D869
45. ATOMIC ENERGY. At the request of Rep. Cunningham, passed over H. R. 9743, to encourage maximum development of atomic energy reactors for the generation of low cost electric power and the production, utilization, and treatment of special nuclear and other materials. p. 12775
46. RECORDS. At the request of Rep. Cunningham, passed over S. 2364, to further clarify GSA's jurisdiction over records' disposition. p. 12773
47. VETERANS' BENEFITS; FARM LOANS. Agreed to the Senate amendments to H. R. 9260, to extend the provisions of title III of the Servicemen's Readjustment Act of 1944 for 1 year until July 25, 1958. This bill is now ready for the President. p. 12880
48. SOCIAL SECURITY. Rep. Philbin supported the proposed changes to the Social Security Act providing clarifications and extensions of benefits under the Act. p. 12885
49. PERSONNEL. At the request of Rep. Cunningham, passed over H. R. 11515, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the U. S. and Alaska. p. 12785
Passed as reported S. 3481, to increase the salaries and provide other benefits for employees in the Foreign Service. p. 12854
50. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Consent Calendar would be called on Thurs. and that the cranberries marketing bill would be considered later in the week. pp. 12807, 12880
51. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1957. As reported (see Digest 124), this bill, H. R. 12350, includes the following items: Atomic Energy Commission, various amounts, including funds for the power reactor development program; South-eastern Power Administration, \$500,000; and Bureau of Reclamation, \$2,500,000.

Electrification. The committee report includes the following discussion under the atomic energy items:

"Funds for the reactor program have been increased by \$40,000,000. This \$40,000,000 and the \$10,000,000 in the budget estimate... together with the \$15,000,000 in the budget estimate... will make a total of \$65,000,000 available for acceleration of the power reactor program."

"The Committee has been deeply disturbed for a considerable period of time over the lack of progress in developing atomic electric power..."

"Much has been said and written on the subject of the plentiful resources of the United States. However, there has not been adequate recognition given to the conclusive fact that these resources are not inexhaustible and that they must be conserved. The need for conservation of these natural resources is the

ican Indian Foundation for its project to establish a permanent memorial in honor of the North American Indians.

There being no objection, the Clerk read the joint resolution, as follows:

Whereas it is fitting that there should be a permanent memorial in honor of the North American Indians, the original Americans;

Whereas there has been chartered by the State of Michigan a nonprofit corporation known as the Memorial to the American Indian Foundation for the purpose of establishing such a memorial, which will be located in the State of New Mexico; and

Whereas the establishment of such a memorial would acknowledge the contribution made to our Nation by the North American Indians: Therefore be it

Resolved, etc., That the Congress hereby commends the memorial to the American Indian Foundation for its noteworthy project to establish a permanent memorial in honor of the North American Indians, and extends to such foundation its best wishes in carrying out such project.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UINTAH AND OURAY RESERVATION IN UTAH

The Clerk called the bill (S. 3779) to amend the act of August 27, 1954 (68 Stat. 868), with respect to the Uintah and Ouray Reservation in Utah.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 5 of the act of August 27, 1954 (68 Stat. 868), is amended by adding at the end thereof the following sentence: "New membership in the tribe shall thereafter be controlled and determined by the constitution and bylaws of the tribe and ordinances enacted thereunder."

SEC. 2. Section 8 of said act of August 27, 1954, is amended by changing the period at the end thereof to a comma and by adding the following: "but this act shall not be construed as granting any inheritable interest in tribal assets to full-blood members of the tribe or as preventing future membership in the tribe, after the date of enactment of this act, in the manner provided in the constitution and bylaws of the tribe."

SEC. 3. Section 17 of said act of August 27, 1954, is amended as follows: After "except that" delete the word "any" and insert in lieu thereof: "any corporation organized by the mixed-blood members for the purpose of aiding in the joint management with the tribe and in the distribution of unadjudicated or unliquidated claims against the United States, all gas, oil, and mineral rights of every kind, and all other assets not susceptible to equitable and practicable distribution shall not be subject to corporate income taxes. Any."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNDER UNITED STATES GRAIN STANDARDS ACT

The Clerk called the bill (S. 1400) to protect the integrity of grade certificates under the United States Grain Standards Act.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MULTER. Reserving the right to object, Mr. Speaker, may we have an explanation of the bill?

Mr. ALBERT. Mr. Speaker, the purpose of this bill, as stated in the title, is to protect the integrity of grain certificates under the Grain Standards Act.

Under the present law inspectors, who are licensed by the Federal Government, have been subject to penalties for many years. This bill will make samplers and shippers also liable in cases involving complicity in the issuance of false certificates on grain shipped in foreign or interstate commerce. A Senate committee investigation has disclosed that in some instances samplers have taken out improper samples so as to cause the issuance of certificates which did not in fact reflect the type of grain. Also, what is referred to as "plugging" of cars and "shugging" of ships have taken place in the loading and shipment of grain.

The reason for this bill, then, is to make all of those who handle grain in foreign and interstate commerce liable to the penalties to which inspectors have been liable in previous years.

The bill is further needed to preserve the integrity of United States grain certificates to foreign purchasers of American grain.

Mr. MULTER. That is precisely what I had in mind. This will give more protection rather than less protection to the person who buys the grain relying on the certificate?

Mr. ALBERT. That is correct. That is the purpose of the bill. If grain certificates are to have integrity both within and without the United States buyers must be able to rely upon them. The bill has passed the Senate and has been recommended by the Department of Agriculture.

(Mr. ALBERT asked and was given permission to revise and extend his remarks.)

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 9 of the United States Grain Standards Act (7 U. S. C. 85) is amended to read as follows:

"SEC. 9. Any person who shall knowingly violate any of the provisions of section 4 or 7 of this act, or any inspector licensed under this act, or any person sampling grain for inspection under this act, who shall knowingly inspect, grade, or sample improperly any grain which has been shipped or delivered for shipment in interstate or foreign commerce, or shall knowingly give any false or incorrect certificate of grade, or shall accept money or other consideration, directly or indirectly, for any neglect or improper performance of duty, and any person who shall improperly influence or attempt to improperly influence any such inspector or sampler in the performance of his duty, or shall knowingly or willfully cause, or attempt to cause, the issuance of a false or incorrect certificate of grade under this act by deceptive loading, handling, or sampling of grain, or by submitting grain for inspection knowing that it has been so loaded, handled, or sampled, or by any other means, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$1,000, or be imprisoned not more than 1 year, or both."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RELOCATION OF COMMON BOUNDARY BETWEEN ARIZONA AND CALIFORNIA

The Clerk called the bill (H. R. 11911) to authorize negotiations with respect to a compact to provide for a definition of relocation of the common boundary between Arizona and California, and for the appointment by the President of a Federal representative to the compact negotiations.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby given to the States of Arizona and California to negotiate and enter into a compact with respect to the definition or relocation of the common boundary of said States.

SEC. 2. Such consent is given upon the following conditions:

(1) A representative of the United States, not a resident of either Arizona or California, shall be appointed by the President of the United States; such representative shall participate in such negotiations and shall make a report to the President and to the Congress of the proceedings and of any compact entered into; and

(2) Such compact shall not be binding or obligatory upon either of such States unless and until it has been ratified by the legislature of each of such States and consented to by the Congress of the United States.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize negotiations with respect to a compact to provide for a definition of relocation of the common boundary between Arizona and California, and for the appointment by the President of a Federal representative to the compact negotiations."

A motion to reconsider was laid on the table.

AMENDMENT OF ADMINISTRATIVE EXPENSES ACT OF 1946

The Clerk called the bill (H. R. 11515) to amend section 7 of the Administrative Expenses Act of 1946, as amended, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the continental United States and Alaska, and for other purposes.

Mr. CUNNINGHAM. Mr. Speaker, in view of the fact that it is estimated this bill would cost about \$4,500,000 per year, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

INVESTIGATION OF KIDNAPING BY FEDERAL BUREAU OF INVESTIGATION

The Clerk called the bill (H. R. 800) to amend section 1201 of title 18 of the United States Code to authorize the Federal Bureau of Investigation to initiate investigation of any kidnaping in which the victim has not been released within 24 hours after his seizure.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (b) of section 1201 of title 18 of the United States Code is amended to read as follows:

"(b) The failure to release the victim within 24 hours after he shall have been unlawfully seized, confined, inveigled, decoyed, kidnapped, abducted, or carried away shall create a rebuttable presumption that such person has been transported in interstate or foreign commerce."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. KEATING asked and was given permission to extend his remarks at this point in the Record.)

Mr. KEATING. Mr. Speaker, I am most gratified that this bill H. R. 800, is finally coming up for a vote today. This bill was first introduced on January 5, 1955, in the wake of a tragic kidnaping and though it is to be regretted that another dastardly crime had to take place to provide the impetus necessary to get it out of committee, at least positive recognition of the need for this legislation has been made clear.

The need for this measure arises out of the fact that since the FBI must wait out a 7-day presumptive period under present law, many vital clues may be lost or the scent grow cold before they enter the case. Even interstate cooperation between police officials may not be sufficient. Only the FBI, with its tremendous record in all crime matters and its interstate jurisdiction, can effectively curb this menace. My bill would permit the FBI to enter kidnaping cases after a 24 hour presumptive period, thus eliminating many shortcomings of the law today.

I would also like to point out that the gravity of the crime of kidnaping should be sufficient cause alone for speeding up Federal intervention. Also, we should keep in mind that the crime of kidnaping lends itself particularly to interstate action. Many of the criminals who perpetrate these crimes operate by immediately abducting their victims across State lines. The result may be that while the FBI stands by and waits, much valuable time is lost and the chances of the victim's survival are lessened.

In connection with this subject, I had the honor to interview the distinguished Director of the Federal Bureau of Investigation, J. Edgar Hoover, last Sunday on my television program. He pointed out that the Bureau has entered 516 kidnaping cases and solved all but 2 of the major kidnapings. This is a truly fine record and augurs well for solution of many more crimes of this type if we let the FBI step in sooner.

Mr. Hoover also had some excellent words of advice as to how we can combat this menace. Here is what he said in that connection:

I think there are some very definite things that parents could do. Of course, I think that the solution of any crime, or the prevention of it, arises in the very first steps of the commission of the crime. Parents have a very definite responsibility. I would urge that the parents first call the FBI. The phone number of the FBI is on the first page of every telephone directory of this country. I would also urge that the parents caution their children not to walk or ride with strangers, that a child should cry out when he is accosted by a stranger, that children should let the parents know where they propose to go in the evening, whether it be to a theater or whatever their source of recreation, that the schools should not allow children to leave in the custody of strangers, as has often happened.

I think also the printing of the ransom note or any messages from the kidnaper should be most restricted by the parents and the persons receiving them. I think that every effort should be made to avoid publicizing the details of ransom notes, or even the details of the description of the person who has been kidnaped. I can assure you, from my experience since 1932, when the Lindbergh Statute was enacted as a Federal law, I've found the press to be thoroughly cooperative in all instances in which we've had to deal with them, if their cooperation is sought at the very beginning of a kidnaping.

That is good advice from one of the most highly respected of all living Americans. If it is followed and if also this measure before us can be voted into law, we will go a long way toward eliminating this lowest type of crime.

(Mr. DEROUNIAN asked and was given permission to extend his remarks at this point in the Record.)

Mr. DEROUNIAN. Mr. Speaker, although Representative KEATING's bill, H. R. 800, is not listed as major legislation, although it remained in committee for more than a year without action, although its eventual consideration by that committee and passage by the House of Representatives today may cause little comment and no headlines in the press, it reflects reform and improvement in the United States Criminal Code, of tremendous importance.

While it is apparent my colleagues feel as I do concerning the urgent need for this legislation, perhaps its full worth has been brought home to me more strongly because the terrible story of a kidnaping is being enacted at this very moment in my congressional district. Little Peter Weinberger—you all know the story—taken from his parents on July 4, has not yet been returned, or has his kidnaper been found.

The police of Nassau County have done a fine and thorough job but no one can deny that the FBI has greater authority, through its countrywide communications and sources of information.

I am very much gratified that the House has taken favorable action on this bill.

(Mr. DORN of New York asked and was given permission to extend his remarks at this point in the Record.)

Mr. DORN of New York. Mr. Speaker, I rise in support of H. R. 800 sponsored by the able gentleman from New

York [Mr. KEATING]. The immediate need for the enactment of this legislation amending subsection (b) of section 1201 of title 18, United States Code, the so-called Lindbergh law, was forcibly brought to our attention recently by the tragic and still unsolved kidnaping of the Weinberger child.

This is the latest one of those horrible events where the Federal Bureau of Investigation, with its able and efficient techniques, has been prevented by a Federal statute from taking immediate action. Though we do not know the fate of the Weinberger child, it is possible that had the FBI been able to enter the case under the provisions provided by H. R. 800 the sorrowing parents might even now have their child with them once more.

I should like to call to the attention of my colleagues an editorial of the New York Daily News for July 12, 1956, which stated:

At 3 p. m. yesterday, the tragic Weinberger kidnaping case became 7 days old. Under the Lindbergh law, the Federal Bureau of Investigation then became eligible to move in.

The FBI was barred before then, as always in such cases unless it is specifically asked to come in or there is evidence that the kidnaper has crossed a State line with the kidnap victim.

Yet J. Edgar Hoover's world-famous agency is, among other things, the Nation's No. 1 expert at solving kidnap cases. It has the experience, the equipment, the know-how, which many city or county police forces lack.

Why the Lindbergh law was originally written as it is, we don't know. But neither do we know why this statute should any longer be permitted to bar the FBI from any kidnaping case until the trail is cold and amateurs or semiprofs have handled, or more likely mishandled, what clues there are. In any kidnaping case, time is of the essence.

This measure seeks to cut down the time before the FBI is empowered to enter and investigate a kidnaping case by conferring Federal jurisdiction upon the expiration of 24 hours from the time the kidnaping occurred. This crippling shackle of time should be removed in the interest of protecting the lives of future victims of this heinous crime.

CONSTITUTION WEEK

The Clerk called the joint resolution (S. J. Res. 105) authorizing the President of the United States to designate the period beginning September 17 and ending September 23 of each year as Constitution Week.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That the President of the United States is authorized and requested to designate the period beginning September 17 and ending September 23 of each year as Constitution Week, and to issue annually a proclamation inviting the people of the United States to observe such week in schools, churches, and other suitable places with appropriate ceremonies and activities.

Mr. O'HARA of Illinois. Mr. Speaker, reserving the right to object, and I shall not object, I wish to remark that the national observance of Constitution Week, as contemplated by Senate Joint Resolution 195, well may be the instrumentality of a great and wholesome re-

Public Law 861 - 84th Congress
Chapter 812 - 2d Session
S. 1400

AN ACT

All 70 Stat. 780.

To protect the integrity of grade certificates under the United States Grain Standards Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9 of the United States Grain Standards Act (7 U. S. C. 85) is amended to read as follows:

"SEC. 9. Any person who shall knowingly violate any of the provisions of sections 4 or 7 of this Act, or any inspector licensed under this Act, or any person sampling grain for inspection under this Act, who shall knowingly inspect, grade, or sample improperly any grain which has been shipped or delivered for shipment in interstate or foreign commerce, or shall knowingly give any false or incorrect certificate of grade, or shall accept money or other consideration, directly or indirectly, for any neglect or improper performance of duty, and any person who shall improperly influence or attempt to improperly influence any such inspector or sampler in the performance of his duty, or shall knowingly or willfully cause, or attempt to cause, the issuance of a false or incorrect certificate of grade under this Act by deceptive loading, handling, or sampling of grain, or by submitting grain for inspection knowing that it has been so loaded, handled, or sampled, or by any other means, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$1,000, or be imprisoned not more than one year, or both."

U. S. Grain Standards Act, amendment.

39 Stat. 485.

Penalty for violations.

Approved August 1, 1956.

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